
		<p>कार्यालय: प्रधान आयुक्त सीमाशुल्क, मुन्द्रा, सीमाशुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- 370421 OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS: CUSTOM HOUSE, MUNDRA PORT, KUTCH, GUJARAT- 370421. PHONE : 02838-271426/271163 FAX :02838-271425 E-mail id- adj-mundra@gov.in</p>	
A	FILE NO. फ़ाइल संख्या	GEN/ADJ/ADC/507/2025-Adjn-O/o Pr Commr-Cus-Mundra	
B	OIO NO. आदेश संख्या	MCH/ZDC/ADC/ 523/2025-26	
C	PASSED BY जारीकर्ता	Dipak Zala, Additional Commissioner of Customs/अपर आयुक्त सीमा शुल्क, Custom House, Mundra/कस्टम हाउस, मुन्द्रा।	
D	DATE OF ORDER आदेश की तारीख	07.01.2026	
E	DATE OF ISSUE जारी करने की तिथि	07.01.2026	
F	SCN No. & Date कारण बताओ नोटिस क्रमांक	GEN/ADJ/ADC/507/2025-Adjn-O/o Pr Commr-Cus-Mundra dated 21.02.2025	
G	NOTICEE/ PARTY/ IMPORTER नोटिसकर्ता/पार्टी/आयातक	<ul style="list-style-type: none"> i. M/s. Siddhachal Agro Industries (IEC: ADXFS9016L) ii. M/s. Paramount Sealinks Pvt. Ltd. iii. Shri Bharat Himmatlal Parmar, Branch Manager of M/s. Paramount Sealink Pvt iv. Shri Prashant Dhirubhai Popat, Partner of M/s. Multigreen International 	
H	DIN/दस्तावेज़ पहचान संख्या	20260171MO0000000C77	

1. यह आदेश संबन्धित को निःशुल्क प्रदान किया जाता है।

This Order - in - Original is granted to the concerned free of charge .

2. यदि कोई व्यक्ति इस आदेश से असंतुष्ट है तो वह सीमाशुल्क अपील नियमावली 1982 के नियम 3 के साथ पठित सीमाशुल्क अधिनियम 1962 की धारा 128 A के अंतर्गत प्रपत्र सीए- 1 में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-

Any person aggrieved by this Order - in - Original may file an appeal under Section 128A of Customs Act, 1962 read with Rule 3 of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -1 to:

“सीमाशुल्क आयुक्त) अपील,
चौथी मंजिल, हुडको बिल्डिंग, ईश्वरभुवन रोड,
नवरंगपुरा, अहमदाबाद 380 009”

“THE COMMISSIONER OF CUSTOMS (APPEALS), MUNDRA

HAVING HIS OFFICE AT 4TH FLOOR, HUDCO BUILDING, ISHWAR BHUVAN ROAD,
NAVRANGPURA, AHMEDABAD-380 009.”

3. उक्त अपील यह आदेश भेजने की दिनांक से 60 दिन के भीतर दाखिल की जानी चाहिए।
Appeal shall be filed within sixty days from the date of communication of this order.

4. उक्त अपील के पर न्यायालय शुल्क अधिनियम के तहत 5 -/रुपए का टिकट लगा होना चाहिए और इसके साथ निम्नलिखित अवश्य संलग्न किया जाए-
Appeal should be accompanied by a fee of Rs. 5/- under Court Fee Act it must be accompanied by –

- i. उक्त अपील की एक प्रति और A copy of the appeal, and
- ii. इस आदेश की यह प्रति अथवा कोई अन्य प्रति जिस पर अनुसूची 1-के अनुसार न्यायालय शुल्क अधिनियम-1870 के मद सं० 6-में निर्धारित 5 -/रुपये का न्यायालय शुल्क टिकट अवश्य लगा होना चाहिए।
This copy of the order or any other copy of this order, which must bear a Court Fee Stamp of Rs. 5/- (Rupees Five only) as prescribed under Schedule – I, Item 6 of the Court Fees Act, 1870.

5. अपील ज्ञापन के साथ ड्यूटी /ब्याज /दण्ड /जुर्माना आदि के भुगतान का प्रमाण संलग्न किया जाना चाहिये।
Proof of payment of duty / interest / fine / penalty etc. should be attached with the appeal memo.

6. अपील प्रस्तुत करते समय, सीमाशुल्क) अपील (नियम, 1982 और सीमाशुल्क अधिनियम, 1962 के अन्य सभी प्रावधानों के तहत सभी मामलों का पालन किया जाना चाहिए।
While submitting the appeal, the Customs (Appeals) Rules, 1982 and other provisions of the Customs Act, 1962 should be adhered to in all respects.

7. इस आदेश के विरुद्ध अपील हेतु जहां शुल्क या शुल्क और जुर्माना विवाद में हो, अथवा दण्ड में, जहां केवल जुर्माना विवाद में हो, Commissioner (A) के समक्ष मांग शुल्क का 7.5 % भुगतान करना होगा।

An appeal against this order shall lie before the Commissioner (A) on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.

BRIEF FACTS OF THE CASE

M/s. Siddhachal Agro Industries (IEC: ADXFS9016L) (hereinafter referred to as the Importer”), having address as “Old Survey No. 905, New Survey No. 449, Sunak, Unjha, Mahesana, Gujarat-384170”, is indulged into illegal import of Watermelon Seeds (also known as Melon Seeds) at Mundra Port by way of violation of Notification No. 05/2023 dated 5th April, 2024 issued by Directorate General of Foreign Trade, Ministry of Commerce & Industry.

1.1 Intelligence gathered by the Directorate of Revenue Intelligence (DRI), (hereinafter referred to as ‘DRI’) indicated that M/s. Siddhachal Agro Industries is indulged into illegal import of Watermelon Seeds (also known as Melon Seeds) by way of violation of Notification No. 05/2023 dated 5th April, 2024 issued by Directorate General of Foreign Trade, Ministry of Commerce & Industry. As per said notification “Import Policy of

Melon Seeds is 'Free' with effect from 01st May 2024 up to 30th June 2024. Consignments with 'shipped on board' Bill of lading issued till 30th June 2024 shall be treated as 'Free to import'.

2. Examination, Search, Seizure and Statements:

Acting upon the intelligence, the 06 containers covered under the Bill of Entry No. 5533751 dated 10.09.2024 filed by the importer M/s Siddhachal Agro Industries and lying at M/s Transworld CFS, AP & SEZ, Mundra was put on hold for examination by officers of DRI. The goods covered under Bill of Entry No. 5533751 dated 10.09.2024 were examined by officers of DRI on 15.10.2024 and accordingly a panchnama dated 15.10.2024 was drawn at M/s Transworld CFS, AP & SEZ, Mundra, in respect of the same.

3. During the investigation, a search was conducted at the office Premise of M/s Paramount Sealink Pvt. Ltd. (Delivery Agent working in India on behalf of M/s Oceanic Star Line) having office situated at 'Suit 20, 2nd Floor, Avishkar Complex, Ward-12/B, Plot No. 204, Gandhidham (Kutch) - 370201' under Panchnama dated 12.09.2024. During the Panchnama proceedings carried out at the said address, some e-mail correspondences relating to present investigation were resumed by the visiting officers of DRI on a reasonable belief that the same were required for DRI investigation. During the search, e-mail conversations were found in the e-mail address of the said delivery agent, in which it was explicitly stated that Bills of Lading were switched in some consignments, including Bill of Lading bearing no. OSLSBL957/24. The e-mail communications by Eastern Shipping Co. Ltd., Sudan, in the conversation related to manipulation/forging of BLs were also sent to Shri Bharat Himmatlal Parmar on his company e-mail brmgr@paramountsealink.com, being the branch manager of M/s Paramount Sea Links Pvt. Ltd. Further, from the documents resumed during the search, two different Bill of Lading OSLSBL-957/24 dated 27.06.2024 and OSLPZUMUN2992824 dated 27.06.2024 in respect of 06 container nos. CLHU3881700, TCKU3362344, DFSU2806004, GLDU3468228, UNDU3551962 and TEMU5437452, were available. Further, it appeared that as per cargo manifest for the Bill of Lading No. OSLSBL-957/24 found during the said search proceedings, the sailing dated of the vessel "Sunset X" which shipped the consignment, was found to be 14.07.2024. Thus, it appeared that the Bills of Lading were switched/manipulated to avail the benefit of the subject notification. Accordingly, since it appeared that the subject consignment covered under the Bill of Entry No. 5533751 dated 10.09.2024, containing **104.2 MT** of Water Melon Seeds having declared assessable value of **Rs. 1,70,42,936/-** was liable for confiscation under the provisions of Customs Act, 1962, the same was put under seizure vide Seizure Memo dated 04.11.2024.

4. During the course of investigation, statements of concerned persons were recorded under Section 108 of the Customs Act, 1962 and some documents were collected as given below:

4.1 Statement of Shri Jeeneshkumar Shah, Authorized Person of M/s

Siddhachal Agro Industries was recorded under Section 108 of the Customs Act, 1962 on 19.11.2024 wherein he inter alia stated that his primary responsibilities include managing accounts, handling import operations, coordinating with clients, and overseeing banking and related documentation. His cousin, Nirav Shah, looked after the purchase and sale of cumin and fennel seeds for the firm, which operated from its address in Sunak, Unjha, Mahesana. The firm's partners were Sarla Shah, Jeeneshkumar's mother, and Darshana Shah, Nirav Shah's wife. M/s Siddhachal Agro Industries was established in 2019-20 and specialized in processing cumin seeds, fennel seeds, and watermelon seeds. While the firm sourced cumin and fennel seeds locally, it began importing raw watermelon seeds in 2023. To date, the firm has imported around 24 containers of watermelon seeds, including the current consignment. Jeeneshkumar explained that the import of six containers of watermelon seeds, covered under Bill of Entry No. 5533751 dated September 10, 2024, and facilitated by a bill of lading issued on June 27, 2024, was the reason for the statement being recorded. The consignment, shipped from M/s Kokai Indo Foodstuff Trading LLC in Dubai, was facilitated by a broker, Shri Prashant Thakkar, based in Ahmedabad. Jeeneshkumar provided all the necessary documents, including the contract, bill of lading, commercial invoice, packing list, certificate of origin, fumigation certificate, phytosanitary certificate, and shipping line confirmation. Jeeneshkumar shared that the firm initially became involved with watermelon seeds while processing them for a client. In 2023, based on discussions in the Unjha market, the firm decided to directly import watermelon seeds. He approached Shri Prashant Thakkar, a broker operating from Fortune Business Hub in Ahmedabad, for assistance. Prashant connected the firm with M/s Kokai Indo Foodstuff Trading LLC, a supplier in Dubai specializing in watermelon seeds. Prashant assured Jeeneshkumar that he would manage all arrangements, including sourcing, documentation, and coordination. Import-related documents were shared via WhatsApp, and Prashant coordinated directly with the customs house agent (CHA), M/s DS Shipping, Mundra, for clearance and filing of the Bill of Entry. Regarding the current shipment of six containers, Jeeneshkumar explained that the firm agreed to make a 50% advance payment on June 3, 2024. The remaining payment was to be made after the shipment was loaded, with an oral agreement specifying that the loading would occur before June 30, 2024. Upon receiving the advance payment, the supplier loaded the shipment and sent all import documents directly to the CHA, as per Jeeneshkumar's instructions. The CHA subsequently filed the Bill of Entry and notified the firm about the shipment. Jeeneshkumar verified the panchnama prepared on October 15, 2024, during the examination of the consignment at M/s Transworld Terminals Pvt Ltd, Mundra. Jeeneshkumar elaborated on his interactions with Prashant Thakkar, whom he first met at the broker's Ahmedabad office. Prashant facilitated contact with the Dubai-based supplier and provided all necessary import documents, including the invoice, packing list, and certificates, directly to the CHA for processing. He confirmed that the firm has been importing watermelon seeds since 2023 and has handled approximately 24 containers, including the current consignment. During the inquiry, He reiterated that the CHA, M/s DS Shipping, handled the Bill of Entry filing

and other import-related procedures based on documents provided by the supplier.

4.2 Statement of Shri Chavda Dilipsinh, G-card holder of M/s Unnati Cargo, Room No. 39, Maruti Nagar (Parth Residency), Mundra R/o Dhufi, Nani, Kachchh, was recorded under Section 108 of the Customs Act, 1962 on 11.01.2025 wherein he inter alia stated that he knew about the Notification No. 05/2023 dated 05.04.2024 issued by DGFT which stipulates that before 30.06.2024, the import of watermelon seeds is free and after 30.06.2024 the import of watermelon seeds is Restricted. On being shown the two different Bill of Lading OSLSBL95724 and OSLPZUMUN2992824 both dated 27.06.2024 showing different ship on Board date 25.06.2024 and 30.06.2024 respectively in respect of all 06 container nos. CLHU3881700, TCKU3362344, DFSU2806004, GLDU3468228, UNDU3551962 and TEMU5437452 which were resumed from the office of the M/s Paramount Sea Links Pvt. Ltd. (**Delivery agent of M/s Oceanic Star Line**), he stated that he had no idea about any tempered/manipulated documents and stated that it appeared that someone had manipulated/forged the documents and had tried to show shipped on board date as before 30th June; and that if he had known in advance that the shipment was shipped on board after 30th June 2024, he would not have filed the Bill of Entry on behalf of the importer.

4.3 Statement of Shri Prashant Dhirubhai Popat, Partner of M/s. Multigreen International, Fortune Business Hub, 919, 9th Floor, N/R Shell Petrol Pump, Science City Road, Thaltej, Ahmedabad, Gujarat 380060, was recorded under Section 108 of the Customs Act, 1962 on 13.01.2025 wherein he inter alia stated that He is a partner in M/s Multigreen International, based at Fortune Business Hub, Ahmedabad. The firm, established in 2017, operated as a brokerage company specializing in agricultural products, including sesame seeds, watermelon seeds, pulses, and peanuts. Popat manages the firm's operations along with his business partner. His responsibilities at M/s Multigreen International primarily involved negotiating deals between Indian importers and overseas suppliers from African countries such as Sudan, Tanzania, and Mozambique. The firm typically charged a one percent brokerage fee for facilitating these transactions. In addition to M/s Multigreen International, Popat mentioned another entity, M/s Padma Agri Products, located adjacent to his office. This firm was run by Shri Paresh Thakker, who handled payment-related activities for both companies, including local and international transactions. Thakker was the elder brother of Popat's brother-in-law. During the statement, Popat explained the procedure followed by M/s Multigreen International for brokering watermelon seed imports. He acknowledged that following a DGFT notification issued in 2024, which temporarily allowed the free import of watermelon seeds for shipments loaded on or before June 30, 2024, his firm engaged in brokerage for these imports. The process involved contacting Indian buyers with valid Import Export Codes (IECs) and negotiating procurement terms with suppliers from Sudan and Dubai. Popat, along with his partners, discussed pricing, freight charges, and quality specifications with the importers. Once agreements were finalized, instructions were given to

suppliers to ensure shipments were made before the deadline set by DGFT regulations. The suppliers involved in these transactions included M/s Blue Diamond, M/s Afro Harvest, M/s Byroni, M/s Alfa, M/s Greenberg, and M/s Ibrahim Ele Lahi. On the Indian side, Popat identified several importers, including M/s Siddhachal Agro Industries, M/s Shri Siv Agree, M/s Gujarat Peanuts, M/s Nakul Agro, M/s Murli Flour Mills, M/s Dev Enterprise, M/s Ayushi Tradelink, M/s Pawan Industries, and M/s VMJ Agri Products. Shri Jeeneshkumar Shah was the point of contact for M/s Siddhachal Agro Industries. In the specific case involving M/s Siddhachal Agro Industries, Popat confirmed that his firm had brokered the import of watermelon seeds. After negotiating prices with the suppliers, he informed Jeeneshkumar Shah that a favorable deal could be secured if the importer made a fifty percent advance payment. Shah agreed, and the supplier shipped the goods after receiving the payment. Popat clarified that there was no formal contract between M/s Multigreen International and M/s Siddhachal Agro Industries, as agreements were made directly between suppliers and importers. The investigation revealed discrepancies in the shipping documents. Popat was shown two Bills of Lading (BL) for the same consignment of six containers: CLHU3881700, DFSU2806004, GLDU3468228, TCKU3362344, TEMU5437452, and UNDU3551962. One BL bore the number OSLSBL95724, while the other was numbered OSLPZUMUN2992824. Both BLs were dated June 27, 2024, but showed different "shipped on board" dates. Import documents filed by M/s Eastern Shipping Company indicated that the actual shipment date was July 14, 2024, which suggested that the BLs may have been manipulated to show compliance with the DGFT deadline of June 30, 2024. Popat acknowledged the discrepancies upon reviewing the documents but denied any involvement in their manipulation. He attributed the possible tampering to the shipper, asserting that he had always instructed suppliers to ensure shipment dates complied with regulatory requirements. Further investigation revealed email communications from M/s Eastern Shipping Co. Ltd., which referenced the replacement of BL No. OSLPZUMUN2992824 with Switch BL No. OSLSBL95724. He maintained that the sellers had never informed him of any such tampering. The Cargo Manifest filed in respect of said BL, listed the shipment date as July 14, 2024, directly contradicting the date of shipping mentioned in the BL as June 27, 2024. Popat reiterated that this discrepancy indicated possible tampering by the shipper. He emphasized that he had no role in the preparation of BLs or their replacement. When questioned about any direct communication with personnel from shipping companies such as M/s Paramount Sealink Pvt. Ltd., Gandhidham/Dubai, M/s Oceanic Star Line, or M/s Eastern Shipping Co. Ltd., Sudan, Popat firmly denied any contact with these entities. Throughout the inquiry, Popat reviewed and signed all statements and documents presented by the DRI, including the BLs, import manifest documents, and email communications. He consistently denied any wrongdoing or knowledge of document manipulation. He assured the DRI of his continued cooperation, pledged to provide additional documents if required, and agreed to appear for further inquiries when summoned.

5. Evidences available on record, during the investigation

5.1 Details of the evidences available on record during the investigation carried out by the DRI, is as given below:

Description of document	Details of the documents	Document date
Bill of Lading bearing no. OLSBL-957/24 dated 27.06.2024	Original Bill of Lading	27.06.2024
Bill of Lading No. OSLPZUMUN2992824 both dated 27.06.2024	Switch Bill of Lading	27.06.2024
Cargo manifest of Bill of Lading No. OLSBL-957/24 dated 01.07.2024	Cargo Manifest for BL No. OLSBL-957/24 dated 27.06.2024, for the vessel "Sunset X", which shows sailing date as 14.07.2024.	N/A (resumed during search at the address of the Delivery agent of Shipping Line)

5.2 Email conversation- during the search proceedings, carried out at the premises of M/s. Paramount Sealink Pvt. Ltd., e-mail conversations between M/s Eastern Shipping Co. Ltd., Shipping Agent of M/s Oceanic Star Line in Sudan and M/s Paramount Sealink Pvt. Ltd., were found, which showed that B/Ls were switched in the subject consignments. Some of the relevant e-mails are as given below:

E-mail Date	Sender Name, Designation, Firm Name	Receivers Name and E-mail IDs	Relevant portion of e-mail text
14.07.2024	Tagwa Badri, Marketing Executive, Eastern Shipping Co. Ltd.	MOHIT KUMAR Paramount Sealink Pvt Ltd., Gandhidham, impdocs@paramountsealink.com Branch Manager, Paramount Sealink brmgr@paramountsealink.com	Dear Paramount (Mundra Team) Cc Ashraf // Jeddah T/S team Please find attached of Cargo Manifest, TDR and 6 DBL NO: OSLPZUMUN2992824 (10X20) OSLPZUMUN2992824 (6X20) OSLPZUMUN2993024 (7X20) OSLPZUMUN2993624 (20X20) OSLPZUMUN2993924 (10X20) OSLPZUMUN2993824 (1X40 HC) Remark Dear Paramount (Mundra Team) Please note I will send to you the final Cargo Manifest and 6 DBL ASAP , Please wait

2 1. 0 7. 2 0 2 4	Tagwa Badri, Marketing Ex ecutive, East ern Shipping Co. Ltd.	MOHIT KU MAR Param ount Sealink Pv.t Ltd., Gan dhidham, im pdocs@para mountsealink .com Branch Mana ger, Paramou nt Sealink brmgr@par amountseal ink.com	Dear Mohit//Paramount Mundra Team Kindly find final 6 Switch B/L and Cargo Manifest and please make sure to fil e your manifest with the same OSLBL-957/24 (10x20) OSLBL-957/24 (6x20) OSLBL-961/24 (7x20) OSLBL-957/24 (10x20) OSLBL-960/24 (20x20) OSLBL-956/24 (10x20) OSLBL-959/24 (1x40 HC)
2 2 0 7 2 0 2 4	MOHIT KU MAR Param ount Sealink Pv.t Ltd., Gan dhidham, im pdocs@para mountsealink .com	Tagwa Badr i ' Executive, Eastern Ship ping Co. Ltd., tagwa@easter nship.com	Dear Ms. Tagwa, Kindly share TDR for the subject s hipment, Kindly cross check again your previous B L and these BL container number, container numb er is same in both BLS so pls check and confirm wh ich BL is Wright. Previous BL. OSLPZUMUN2992824 (10X20) OSLPZUMUN29928 24 (6X20) OSLPZUMUN2993024 (7X20) OSLPZUM UN2993624 (20X20) OSLPZUMUN2993924 (10X20) OSLPZUMUN2993824 (1X40 HC)
2 4 0 7 2 0 2 4	MOHIT KU MAR Param ount Sealink Pv.t Ltd., Gan dhidham, im pdocs@para mountsealink .com	Tagwa Badr i ' Executive, Eastern Ship ping Co. Ltd., tagwa@easter nship.com	Dear Tagwa, Kindly confirm which BL is wright kin dly confirm urgently otherwise we will not be respo nsible for any wrong manifestation.

6. Brief of investigation conducted and liability of imported goods for confiscation:

6.1 Investigation conducted by DRI revealed that the containers covered under Bill of Entry No. 5533751 dated 10.09.2024, were shipped beyond the cut-off date of 30.06.2024 specified in DGFT Notification No. 05/2023 dated 05.04.2024. E-mail conversations were found in the e-mail address of the said delivery agent, in which it was explicitly stated that Bills of Lading were switched in some consignments, including Bill of Lading bearing no. OSLSBL957/24. Further, from the documents resumed during the search, two different Bill of Lading OSLSBL-957/24 and OSLPZUMUN2992824 both dated 27.06.2024 respectively in respect of all 10 container nos. CLHU3881700, TCKU3362344, DFSU2806004, GLDU3468228, UNDU3551962 and TEMU5437452, were available. While the BL No. OSLSBL-957/24 contained shipped on board dated as

25.06.2024, the switch BL No. OSLPZUMUN2992824, did not contain any such date. Further, from the cargo manifest of BL No. OSLSBL-957/24, which was resumed during the search proceedings, it was noticed that the vessel sailing date of the vessel shipping the said consignment, "Sunset X", was found to be 14.07.2024. Thus, it appeared that the Bills of Lading were switched/manipulated to avail the benefit of the subject notification. This deliberate manipulation of shipping documents was aimed at unlawfully availing the benefits under the DGFT Notification No. 05/2023. The investigation indicated that the importer, in collusion with representatives of Paramount Sea Links Pvt. Ltd. (**Delivery agent of M/s Oceanic Star Line**), orchestrated the falsification of relevant dates on the Bill of Lading to facilitate the clearance of restricted cargo. By doing so, the importer has failed to adhere to the conditions of DGFT Notification No. 05/2023, thereby violating the provisions of the Foreign Trade Policy 2023. From the investigation carried out, it is evident that Shri Bharat Parmar, as a branch Manager, was kept fully informed of all communications, as Shri Tagwa Badri, the marketing executive at M/s Eastern Shipping Co. Ltd., Sudan, had sent him the forged documents with e-mail. This constitutes a serious breach of regulatory compliance and evidences deliberate intent to mislead customs authorities.

6.2 The facts and evidence discussed above indicate that the Directorate General of Foreign Trade (DGFT), through Notification No. 05/2023 dated 05.04.2024, amended the import policy for Melon Seeds under CTH 12077090. As per the notification, the import of Melon Seeds was classified as 'Free' from 1st May 2024 to 30th June 2024. Consignments with 'shipped on board' Bill of lading issued till 30th June 2024 shall be treated as 'Free' to import". It means that all consignments of Watermelon Seeds which have shipped on board before 01.07.2024 can be imported in India on 'Actual User' basis to processors of Melon Seeds having a valid FSSAI Manufacturing License in line FSSAI Order dated 15.03.2024. However, as established in the preceding paras, M/s. Siddhachal Agro Industries (IEC: ADXFS9016L), Old Survey No. 905, New Survey No. 449, Sunak, Unjha, Mahesana, Gujarat-384170, illegally imported Watermelon Seeds under Bill of Entry No. 5533751 dated 10.09.2024, in violation of Notification No. 05/2023. The investigation conclusively proved that the goods were shipped on board on 14th July 2024 i.e. beyond the permissible date of 30th June 2024 using a forged Bill of Lading. Furthermore, it was revealed during the investigation that the importer deliberately withheld critical information from Customs Authorities, failing to disclose that the goods were shipped on board after the specified date of 30th June 2024. This reflects intentional non-compliance with the DGFT Notification No. 05/2023. Hence, the goods declared as 'Watermelon Seeds' under CTH 12077090 covered under Bill of Entry No. 5533751 dated 10.09.2024 having total quantity **104.2 MTs** and declared assessable value of **Rs. 1,70,42,936/- imported** by M/s. Siddhachal Agro Industries are liable for confiscation under Section 111(d), 111(m) and 111 (o) of the Customs Act, 1962.

7. Roles of persons/firms involved:

7.1 Role of the importer M/s Siddhachal Agro Industries (Authorised Person Shri Jeeneshkumar Shah)

Shri Jeeneshkumar Shah being the Authorized Person and handling the import of Watermelon seeds, for M/s. Siddhachal Agro Industries, being the main person of the importer, was well aware of the Import policy and Notification. M/s. Siddhachal Agro Industries had imported watermelon seeds covered under Bill of Entry No. 5533751 dated 10.09.2024 in by way of violation of import policy mentioned in Notification No. 05/2023 dated 5th April, 2024 issued by Directorate General of Foreign Trade, Ministry of Commerce & Industry. The total quantity of the said goods covered under the subject Bill of entry is **104.2 MTs** having declared Assessable value of **Rs. 1,70,42,936/-** As per Notification No. 05/2023 dated 5th April, 2024 issued by Directorate General of Foreign Trade, Ministry of Commerce & Industry, the import of said goods with shipped on board dated after 30th June is under restricted category. The importer must comply with the conditions outlined in the said Notification. Further, the notification was issued for a definite period and it is the obligation of the firm utilizing that authorization to ensure that no condition of the Notification has been violated. The acts of commission and omission on the part of the importer rendered the subject goods liable to confiscation under Section 111(d), 111(m) and 111 (o) of the Customs Act, 1962 and therefore is liable to penalty under **Section 112 (a) and 112 (b)** of the Customs Act, 1962. By not uploading the original documents as mandated during filing of Bill of Entry, the importer has attempted to mislead the department thereby rendering themselves liable to penalty under **Sec 114AA** of Customs Act, 1962.

7.2 Role of M/s Paramount Sea Links Pvt. Ltd. (Delivery agent of M/s Oceanic Star Line)

The facts and evidence gathered during the search, including email correspondences, clearly establish that M/s. Paramount Sea Links Pvt. Ltd. (**Delivery agent of M/s Oceanic Star Line**), deliberately colluded with representatives of M/s Oceanic Star Line and the supplier located in Sudan, to manipulate the actual dates on the Bill of Lading. This manipulation was intended to facilitate the clearance of restricted cargo in direct violation of established regulations. These actions reflect a blatant disregard for regulatory compliance and an intent to mislead the authorities. The deliberate acts and omissions by M/s. Paramount Sea Links Pvt. Ltd make them liable for penalties under **Section 112(b)** of the Customs Act, 1962. Furthermore, their involvement in the creation of forged Bills of Lading constitutes a violation that renders them liable to penalties under **Section 114AA** of the Customs Act, 1962.

7.3 Role of Shri Bharat Himmatlal Parmar, Branch Manager of M/s Paramount Sea Links Pvt. Ltd.:

Shri Bharat Himmatlal Parmar, as the Branch Manager of M/s Paramount Sealinks Pvt. Ltd., a container line agent, was well-versed in the Import policy and Notifications. In his statement, Shri Parmar admitted to overseeing all operations of M/s Paramount Sealinks Pvt. Ltd.,

including documentation related to import-export activities as a container line agent. The facts and evidence gathered during the investigation, including the Bill of Lading and email correspondences, provide clear and compelling proof that M/s Paramount Sealinks Pvt. Ltd., acting on behalf of M/s Ocean Star Line, deliberately colluded with representatives from M/s Ocean Star Line and Mr. Tagva Badri, Marketing Executive of Eastern Shipping Co. Ltd., Sudan, to manipulate the dates on the Bill of Lading (B/L). This deliberate manipulation aimed to facilitate the clearance of restricted cargo, in direct violation of established regulations governing the shipping and clearance of goods in India. During the investigation, it is clear that Shri Bharat Parmar, as the branch manager, was kept fully informed of all communications, as Shri Tagva Badri, the Marketing Executive at Eastern Shipping Co. Ltd., sent him the forged documents via email. These actions demonstrate a blatant disregard for regulatory compliance and a clear intent to mislead the authorities. The deliberate acts and omissions by Shri Bharat Himmatlal Parmar, Branch Manager of M/s Paramount Sealinks Pvt. Ltd., make him liable for penalties under **Section 112(b)** of the Customs Act, 1962.

7.4 Role of Shri Prashant Dhirubhai Popat, Partner of M/s. Multigreen International, Fortune Business Hub, 919, 9th Floor, N/R Shell Petrol Pump, Science City Road, Thaltej, Ahmedabad, Gujarat 380060, Broker.

Shri Prashant Popat, partner of M/s. Multigreen International, a broker firm specializing in agricultural products, including watermelon seeds, facilitated transactions between Indian importers and foreign suppliers. In this case, his firm acted as an intermediary for M/s Siddhachal Agro Industries, negotiating procurement terms with suppliers in Sudan and Dubai. He coordinated critical aspects such as pricing, shipment logistics, and payment agreements. His role as a facilitator was essential for the completion of the import transactions. The DGFT Notification No. 05/2023 permitted the import of watermelon seeds only if they were loaded onto a vessel on or before June 30, 2024. However, investigations revealed discrepancies in the shipping documentation of consignments brokered by Popat. Two Bills of Lading (BLs) were presented for the same consignment: BL No. OSLSBL95724 and BL No. OSLPZUMUN2992824. Both BLs claimed a shipped-on-board date of June 27, 2024. However, from the cargo manifest of BL No. OSLSBL-957/24, which was resumed during the search proceedings, it was noticed that the vessel sailing date of the vessel shipping the said consignment, "Sunset X", was found to be 14.07.2024. This indicated a potential manipulation of shipping documents to falsely demonstrate compliance with the DGFT regulation. Although Shri Popat acknowledged his involvement in the transaction, he denied any role in the creation or manipulation of the two BLs. He insisted that he had instructed the supplier to ship the goods before the June 30, 2024, deadline and claimed ignorance regarding the generation of two conflicting BLs. He attributed the discrepancies to actions taken independently by the suppliers or shippers. Nevertheless, email communications between M/s Eastern Shipping Co. Ltd. and M/s Paramount Sealink Pvt. Ltd. showed discussions about replacing one BL with another, suggesting document manipulation. He maintained that he

was unaware of any fraud or misrepresentation by the shippers. Despite his denial of direct involvement in document tampering, his role as the broker and primary coordinator made him responsible for ensuring compliance with all regulatory requirements. As an experienced broker familiar with import regulations, Popat was reasonably expected to verify the authenticity and accuracy of shipping documents, especially given the critical importance of the DGFT deadline. His failure to do so and his reliance solely on supplier assurances demonstrated a lack of due diligence. By facilitating a transaction that ultimately violated regulatory requirements, and provisions of Customs Act, 1962, Popat appeared to have played a significant contributory role in such illegal import of watermelon seeds by the said importer. The facts and evidence gathered during investigation, clearly establish that Shri Prashant Dhirubhai Popat, acting as broker, deliberately colluded with representatives of container line to manipulate the actual dates on the Bill of Lading. This manipulation was intended to facilitate the clearance of restricted cargo in direct violation of established regulations. It has also been established that Shri Prashant Dhirubhai Popat was in direct contact with container line and documents arranged forged dates from in a manner that would mislead customs and enable the clearance of restricted cargo. These actions reflect a blatant disregard for regulatory compliance and an intent to mislead the authorities. The deliberate acts and omissions by Shri Prashant Dhirubhai Popat, Partner of M/s Multigreen International, Ahmedabad make him liable for penalties under **Section 112(b)** of the Customs Act, 1962. Furthermore, his involvement in the creation of forged Bills of Lading a violation that renders him liable to penalties under **Section 114AA** of the Customs Act, 1962.

8. Relevant Legal provisions:

8.1. Import of Watermelon seeds falling under HS Code 12077090 was made from “Free” to “Restricted” for vide Notification No. 05/2023 dated 05.04.2024 issued by the Directorate General of Foreign Trade, Ministry of Commerce & Industry under Section 3 and Section 5 of the FT (D&R) Act, 1992 read with Paragraph 1.02 and 2.01 of the Foreign Trade Policy (FTP), 2023 as amended from time to time. The Import of watermelon seeds is subject to Policy condition No. 4 of Chapter 12 of the ITC (HS) Classification.

8.2 Whereas vide Notification No. 05/2023 dated 05.04.2024 issued by the Directorate General of Foreign Trade, Ministry of Commerce & Industry, it has been envisaged that “Import Policy of Melon Seeds is ‘Free’ with effect from 01st May 2024 up to 30th June 2024. Consignments with ‘shipped on board’ Bill of lading issued till 30th June 2024 shall be treated as ‘Free’ to import.” As a corollary, all consignments of Watermelon Seeds which have shipped on board before 01.07.2024 can be imported in India on ‘Actual User’ basis to processors of Melon Seeds having a valid FSSAI Manufacturing License in line FSSAI Order dated 15.03.2024.

8.3 The other relevant policy provisions pertaining to the import of watermelon seeds along with relevant penalty provisions of the Customs Act, 1962 are as follows:

8.3.1 FTDR Act, 1992:

Section 3 of the FTDR Act, 1992: Powers to make provisions relating to imports and exports–

(1) The Central Government may, by Order published in the Official Gazette, make provision for the development and regulation of foreign trade by facilitating imports and increasing exports.

(2) The Central Government may also, by Order published in the Official Gazette, make provision for prohibiting, restricting or otherwise regulating, in all cases or in specified classes of cases and subject to such exceptions, if any, as may be made by or under the Order, the import or export of goods.

(3) All goods to which any Order under sub-section (2) applies shall be deemed to be goods the import or export of which has been prohibited under section 11 of the Customs Act, 1962 (52 of 1962) and all the provisions of that Act shall have effect accordingly.

Section 5 of the FTDR Act, 1992: Foreign Trade Policy—

The Central Government may, from time to time, formulate and announce, by notification in the Official Gazette, the foreign trade policy and may also, in like manner, amend that policy:

Provided that the Central Government may direct that, in respect of the Special Economic Zones, the foreign trade policy shall apply to the goods, services and technology with such exceptions, modifications and adaptations, as may be specified by it by notification in the Official Gazette.

8.3.2 Foreign Trade Policy, 2023:

Para 1.02: Amendment to FTP

Central Government, in exercise of powers conferred by Section 3 and Section 5 of FT (D&R) Act, 1992, as amended from time to time, reserves the right to make any amendment to the FTP, by means of notification, in public interest.

Para 2.01: Policy regarding import /Exports of goods

(a) Exports and Imports shall be 'Free' except when regulated by way of 'Prohibition', 'Restriction' or 'Exclusive trading through State Trading Enterprises (STEs)' as laid down in Indian Trade Classification (Harmonized System) [ITC (HS)] of Exports and Imports. The list of 'Prohibited', 'Restricted', and STE items can be viewed under 'Regulatory Updates' at <https://dgft.gov.in>

(b) Further, there are some items which are 'Free' for import/export, but subject to conditions stipulated in other Acts or in law for the time being in

force.

8.3.3 Relevant Sections of the Customs Act, 1962:

SECTION 112 of the Customs Acts 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) who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111,

shall be liable, -

(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty not exceeding the value of the goods or five thousand rupees, whichever is the greater;

(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:

Provided that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent. of the penalty so determined;

(iii) in the case of goods in respect of which the value stated in the entry made under this Act or in the case of baggage, in the declaration made under section 77 (in either case hereafter in this section referred to as the declared value) is higher than the value thereof, to a penalty not exceeding the difference between the declared value and the value thereof or five thousand rupees, whichever is the greater;

(iv) in the case of goods falling both under clauses (i) and (iii), to a penalty not exceeding the value of the goods or the difference between the declared value and the value thereof or five thousand rupees, whichever is the highest;

(v) in the case of goods falling both under clauses (ii) and (iii), to a penalty not exceeding the duty sought to be evaded on such goods or the difference between the declared value and the value thereof or five thousand rupees, whichever is the highest.

SECTION 114AA. Penalty for use of false and incorrect material. - If a person knowingly or intentionally makes, signs or uses, or causes to be

made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.

9. Accordingly, Show cause Notice GEN/ADJ/ADC/507/2025-Adjn-O/o Pr Commr-Cus-Mundra dated 21.02.2025 was issued to M/s. Siddhachal Agro Industries wherein they were called upon to show cause in writing to the Additional/Joint Commissioner of Customs, Customs House, Mundra as to why:

(a) The imported goods declared as 'Watermelon Seeds' under CTH 12077090 covered under Bill of Entry No. 5533751 dated 10.09.2024 having total quantity **104.2 MTs** and declared Assessable value of **Rs. 1,70,42,936/-** should not be confiscated under Section 111 (d),111(m) and 111(o) of Customs Act, 1962.

(b) Penalty under Section 112(a), 112(b) and Section 114AA of the Customs Act, 1962 should not be imposed upon them.

9.2. Vide SCN dated 21.02.2025, M/s Paramount Sealink Pvt. Ltd. (*Delivery Agent working in India on behalf of M/s Oceanic Star Line*) were called upon to show cause in writing to the Additional/Joint Commissioner of Customs, Customs House, Mundra as to why penalty should not be imposed on M/s Paramount Sealink Pvt. Ltd. under Section 112(b) & 114AA of the Customs Act, 1962.

9.3 Further, vide SCN dated 21.02.2025, Shri Bharat Himmatlal Parmar, Branch Manager of M/s Paramount Sealink Pvt. Ltd was called upon to show cause in writing to the Additional/Joint Commissioner of Customs, Customs House, Mundra as to why penalty should not be imposed on him under **Section 112(b)** of the Customs Act, 1962.

9.4 Furthermore vide SCN dated 21.02.2025, Shri Prashant Dhirubhai Popat, Partner of M/s. Multigreen International, were called upon to show cause in writing to the Additional/Joint Commissioner of Customs, Customs House, Mundra as to why penalty should not be imposed on him under **Section 112(b)** and **Section 114AA** of the Customs Act, 1962.

10. WRITTEN SUBMISSION OF NOTICEES

10.1 Submission of Noticee No. 1 i.e. M/s. Siddhachal Agro Industries:-

10.1 Noticee No. 1 submitted their written submission dated 26.05.2025 in response to the Show Cause Notice wherein inter-alia states as under that:-

10.2 M/s. Siddhachal at the very outset disowns the baseless allegations

made against it on the following grounds which may please be considered without prejudice to one another and without admitting anything.

10.3 M/s. Siddhachal before making legal submissions in the matter would like to submit that it was shocked and surprised to receive the impugned SCN as it clearly revealed from the investigation including duly highlighted paragraphs of the statements of authorised person of M/s. Siddhachal and partner of broker in para supra and infra that it was not aware about the loading of cargo after 30.06.2024. It had received Bills of Lading and other documents through the broker M/s. Multigreen and Shipment Tracking received from M/s. Shipping Line Oceanic Star Line through their agent Eastern Shipping Co. Ltd. were showing the ship on board and loading of container on the vessel prior to 30.06.2024 and date of issue of Bills of Lading also prior to 30.06.2024, which are not in dispute at all.

10.4 M/s. Siddhachal has also marked the copy of the said letter dated 17.03.2025 to your good office wherein inter alia with reference to the above seized goods, **it is prayed that same may be released provisionally** as provided under Section 110A of the Customs Act, 1962. It is ready to furnish Bond supported by Security. In support of the request it amongst other had referred and relied upon following decisions of Hon'ble High Court -

- SIDHARTH VIJAY SHAH Versus UNION OF INDIA - 2021 (375) E.L.T. 53 (Bom.)
- ADDITIONAL DIRECTOR GENERAL (ADJUDICATION) Versus ITS MY NAME PVT. LTD. - 2021 (375) E.L.T. 545 (Del.)

It was also requested that meanwhile imported goods may be allowed to store in the warehouse till the decision/order in the matter as provided under Section 49 of the Customs Act, 1962. It was submitted that it wishes to be heard in person before any adverse decision in the matter.

10.5 M/s. Siddhachal had received letter dated 08.04.2025 vide letter F. No. GEN/ADJ/ADC/507/2025-ADJN, intimating date and time of personal hearing in the matter. M/s. Siddhachal vide its letter dated 10.04.2025 submitted by email dated 11.04.2025 in response to your office letter F. No. GEN/ADJ/ADC/509/2025-ADJN dated 08.04.2025 inter alia intimating date and time of hearing in Virtual Mode at very short notice i.e. 11.04.2025 at 03.30 PM in the above referred Show Cause Notice had made reference to its letter dated 17.03.2025 inter alia requesting to grant extension at least 90 days in filing reply to the aforesaid SCN.

Therefore, it was requested to first decide on its application for provisional release of seized goods. It wishes to be heard in person before any adverse decision in the matter.

In view of the above, it was further requested that meanwhile personal hearing fixed on 11.04.2025 may adjourned till the decision on provisional release of seized goods and also submission of detailed reply to the impugned SCN or at least for one month.

It reserves its right to call for missing relied upon documents etc.

and cross examination of department's witnesses. It wishes to be heard in person before any adverse decision in the SCN too.

10.6 M/s. Siddhachal submits that it is admitted fact on record by way of exculpatory statements dated 19.11.2024 of authorised person of it and statement dated 13.01.2025 of Mr. Prashant Popat, partner of M/s. Multigreen, who has acted as broker between it and foreign based supplier especially highlighted paragraphs supra and infra, as well as emails dated 31.07.2024 to 04.09.2024 relied upon at Sr. No. 16 of Annexure – R to the impugned SCN which is recovered during the search conducted at the office premises of M/s. Paramount Sealink Pvt. Ltd. (Delivery Agent of Shipping Line i.e. M/s. Oceanic Star Line) wherein there is no email ids of M/s. Siddhachal & its broker M/s. Multigreen nowhere stating or referring name of M/s. Siddhachal and its broker M/s. Multigreen that they were not aware about the loading of the goods on board vessel if any after 30.06.2024.

10.6.1 Shri Jeeneshkumar Shah son of Shri Pareshkumar Shah, Authorised person of M/s. Siddhachal in his statement recorded under Section 108 of the Customs Act, 1962 on 19.11.2024 has inter alia stated that M/s. Siddhachal was incorporated since May, 2019-20; During the statement he submitted copies of duly signed Contract, Bill of Lading OLSPL95724 (ship on board dated 25.06.2024), Commercial Invoice and packing list, Certificate of Origin, Fumigation Certificate, Phytosanitary Certificate and confirmation letter of shipment tracing issued by Shipping Line etc. related to his import shipment covered under Bill of Entry No. 5533751 dated 10.09.2024.

For present consignment they have imported the 06 containers of watermelon seeds with a condition the goods loaded from load port only after 50% advance payment. Accordingly, he made the 50% advance payment on 03.06.2024, to the supplier, with an oral condition with Prashant Thakkar, he would only accept the consignment of the watermelon seeds loaded before 30, June, he agreed to this condition.

Upon being shown that all documents having with dated 25.06.2024 to offer comments he deposed that the same documents related import of watermelon seeds were sent by Shri Prashant Thakkar, Broker through whatsapp of the above said 6 containers. Further he also has seen that all documents made on same dated i.e. 25.06.2024.

On being asked has he talk with any person of M/s. Oceanic Star Line, Dubai or M/s. Paramount Sealing Pvt. Ltd. Gandhidham, he deposed that he has never talked with any person of M/s. Oceanic Star Line, Dubai or M/s. Paramount Sealing Pvt. Ltd. Gandhidham,

On being shown two different Bills of Lading OLSBL95724 and OSLPZUMUN2992824 both dated 27.06.2024 and both bills of lading shown two different shipped on board date for the above said 6 containers. It appears that Bill of Lading switched from OSLPZUMUN2992824 to OLSBL95724 and ship on board date has been manipulated from 30.06.2024 to 25.06.2024 in bill of lading documents and also shown two different vessel he deposed that he does not know about manipulated bill

of lading documents, it appears that bill of lading documents have been tampered/manipulated by someone. Further he has to state that he never asked anyone to manipulate/switched bill of lading from OSLPZUMUN2992824 to OSLSBL95724 as well as ship on board date from 30.06.2024 to 25.06.2024. Further he has to state again that while making the deal with Prashant G. Tahkkar, Broker, Ahmedabad, he had clearly told him that he has accept the goods only ship on board before 30th June, otherwise don't send the goods from the supplier.

On being shown import goods manifest documents for the said 6 containers wherein the bill of lading mentioned as 01.07.2024, however, he has submitted the bill of lading dated 27.06.2024 he deposed that he does not know about the same, it appears that the date of bill of lading on import manifest documents have been manipulated by someone.

On being shown email communication between M/s. Paramount Sealink Pvt. Ltd. through email ID impdocs@paramountsealink.com from M/s Eastern Shipping Co. Ltd. he deposed that he has no idea about this email communication.

10.6.2 M/s. Siddhachal further submits that during the course of recording of the said statement Contract, Bill of Lading OSLSPL95724 (ship on board dated 25.06.2024), Commercial Invoice date 25.06.2024, Packing List, Certificate of Origin, Phytosanitary Certificate and Fumigation Certificate and Shipment Tracking Confirmation Letter showing date of loading of containers on the vessel Sunset X 2423 before 30.06.2024 from the port of Sudan to Jeddah and further loading of the containers from Jeddah in the vessel X-Press Salween/24023 after 30.06.2024. Thus, when all these documents loudly speak that all bears date prior to 30.06.2024 and even shipment of cargo also prior to 30.06.2024 and he was not directly or indirectly in contact with the shipping line at Sudan or even with shippers, the allegations are totally baseless.

10.6.3 Shri Prashant Thakkar, Partner of M/s. Multigreen in his statement dated 20.11.2024 recorded under Section 108 of the Custom Act, 1962 has inter alia deposed that M/s. Multigreen International was established in 2017 with another partner Shri Nayan Bhai as a partnership firm, mainly engaged in broking of Agri Products; and that he deposed that they instructed the supplier in Sudan/Dubai to ensure that the shipment of watermelon seeds had a "shipped on board" date on or before 30.06.2024.

On being asked he deposed that he has never talked with any person of M/s. Paramount Sealink Pvt. Ltd., Gandhidham/Dubai or M/s. Oceanic Star Line, Gandhidham/Dubai or M/s. Eastern Shipping Co. Ltd. Sudan.

On being shown the two different BLs with two different shipped on board date for the 6 containers where manipulation the shipped on board

dated is before 30.06.2024 he deposed that he does not know about manipulated bill of lading documents, it appears that bill of lading documents have been tampered / manipulated by someone. Further he state that he never told any person neither for making two different B/L for same consignments nor to change the date of shipped on board on BL. He states that may be shipper had changed the date for selling more goods.

On being manifest documents he deposed that he state that after seeing the documents Import General Manifest filed by M/s. Eastern Shipping Company the BL No. OSLSBL95724 dated 27.06.2024, which is the date after 30th June and the date 27.06.2024 which is the date of BL, it appears that bill of lading documents have been tempered/manipulated by someone. Further he states that he never told any person neither for making two different B/L for same consignments nor to change the date of shipped on board on BL, he told to the shipper to send the goods which shipped on board dated is before 30th June, 2024.

On being shown email communication he deposed that he has no idea about this email communication. It appears that this conversation is regarding manipulation in BL and two BLs had been generated for same consignment and only one is right in both. The seller never told him about these manipulations.

10.6.4 M/s. Siddhachal submits that it is admitted facts on record that during the course of search under Panchnama dated 12.09.2024 drawn at the premises of M/s. Paramount Sealink Pvt. Ltd., Gandhidham (local agent of M/s. Oceanic Star Line) including the surfing of the computers and emails printout running into Page 1 to 488, 1 to 472 and 1 to 394 (placed in 3 different files) and nothing adverse, objectionable or involving it and its broker Mr. Prashant Thakkar (Popat) were found nor deposed by anyone involving them or deposing that they were aware about delay in shipment beyond 30.06.2024 or change in BL etc.

Thus, on the basis of exculpatory statements of M/s. Siddhachal authorised signatory, its broker's partner and all other documents it clearly reveals that neither M/s. Siddhachal nor its broker was aware about the dates of shipments of watermelon seeds were after 30.06.2024. It is not the case of the investigation that any one from M/s. Siddhachal or its broker were involved in manipulating / change in date of shipment if any by anyone shipper/shipping line so as to import goods which become restricted after 30.06.2024 due to loading after 30.06.2024. Looking to the date mentioned in the documents furnished through the broker and Shipment Tracking Confirmation letter of shipper, no one can visualise or doubt about delay in shipment.

Therefore, in view of the above no penalty is imposable upon M/s. Siddhachal under any of the provisions of Section 112(a), Section 112(b) and Section 114AA of the Customs Act, 1962, apart from the further grounds discussed hereinunder.

10.6.5 M/s. Siddhachal submits that thus on the basis of above it clearly reveals that allegations made against it at para 6.1 & 6.2 of the SCN that the investigation indicated that the importer, in collusion with representatives of Paramount Sea Links Pvt. Ltd. (Delivery agent of M/s Oceanic Star Line), orchestrated the falsification of relevant dates on the Bill of Lading to facilitate the clearance of restricted cargo. By doing so, the importer has failed to adhere to the conditions of DGFT Notification No. 05/2023, thereby violating the provisions of the Foreign Trade Policy 2023. From the investigation carried out, it is evident that Shri Bharat Parmar, as a branch Manager, was kept fully informed of all communications, as Shri Tagwa Badri, the marketing executive at M/s Eastern Shipping Co. Ltd., Sudan, had sent him the forged documents with e-mail; that the investigation conclusively proved that the goods were shipped on board on 14th July 2024 i.e. beyond the permissible date of 30th June 2024 using a forged Bill of Lading. Furthermore, it was revealed during the investigation that the importer deliberately withheld critical information from Customs Authorities, failing to disclose that the goods were shipped on board after the specified date of 30th June 2024. This reflects intentional non-compliance with the DGFT Notification No. 05/2023 are nothing but baselessly implicating M/s. Siddhachal which are contrary to oral as well as documentary evidences discussed in para supra.

10.6.6 M/s. Siddhachal submits that thus allegations made at para 6.2 of the SCN that **hence, the goods declared as 'Watermelon Seeds' under CTH 12077090 covered under Bill of Entry No. 5533751 dated 10.09.2024** having total quantity **104.2 MTs** and declared assessable value of **Rs. 1,70,42,936/- imported** by M/s. Siddhachal are liable for confiscation under Section 111(d), 111(m) and 111 (o) of the Customs Act, 1962.

10.7.1 M/s. Siddhachal without admitting anything further submits that in fact there is no violation of any of the provisions not to speak of Notification No. 05/2023 - dated 05.04.2024 issued by DGFT as the said notification provides for issue of Bill of Lading issued till 30.06.2024. It is not matter of dispute that Bill of Lading was issued on 27.06.2024. The said notification nowhere provides that "Consignments with shipped on board" should be before 30.06.2024 but BL should be issued before 30.06.2024.

As per international practice when Bill of Lading is issued with only one date i.e. date of creating and signing date but same is also considered as ship on board date. However, when Bill of Lading is with two dates – Ship on board date and place of issue date, such dates can be same or different also. Thus, as per the language used in the column Sr. No. (ii) – Revised Policy Condition – date of issue of bill of lading should be before 30.06.2024 and not date of consignments with shipped on board. If the intention of the central government to recognise the date of consignments on shipped on board till 30.06.2024 for free import, it would have differently worded by putting the word "and" between "Consignments with shipped on board" **and** "Bill of Lading issued till 30.06.2024 shall be treated as "Free to import". Therefore, as per the language Bill of Lading

issued date i.e. 30.06.2024 is to be considered for free import of watermelon. As per admitted facts on record in the instant case Bill of Lading whether original submitted by the importer or switched BLs relied upon by the investigation in this case BL dates are before 30.06.2024, so goods viz. watermelon imported by M/s. Siddhachal are "Free to Import" and not restricted.

10.7.2 M/s. Siddhachal without admitting anything further submits that **it is nowhere forth coming from the investigation that from where the Bill of Lading - unsigned unstamped copy - Verify Copy** of BL No. OSLPZUMUN2992824 - place of issue date 27.06.2024 with Ship on Board Date 30.07.2024 by the Agent Eastern Shipping Company for the carrier Oceanic Star Line and **unsigned unstamped copy - the document bearing** BL No. OSLSBL-957/24 - BL date 01.07.2024 with Ship Sailing Date 14.07.2024 RUD No. 9 to 11 are recovered from where or in whose possession or who has produced the same.

It is nowhere forth coming on what basis all these unsigned copy of BLs can be relied upon over Original signed copy received through the Broker. In absence of source of the same and its genuineness / authentication of issue by the shipping line, same cannot be relied upon over signed copy of the BL Copy received through bank and broker.

10.7.3 M/s. Siddhachal without admitting anything further submits that in case of two different First Original copy BL No. OSLSBL-957/24 - Place of issue Date 27.06.2024 with Ship on Board Date 25.06.2024 and another copy with Place of issue Date 27.06.2024 with Ship on Board Date 30.06.2024 with Vessel Name - AL Ahmed. As stated in para supra since cargo was transhipped to Jeddah after loading from Sudan, BL definitely shows the name of original vessel which sailed from Sudan and in IGM name of the Vessel which carries cargo from Jeddah to Mundra mention.

10.7.4 M/s. Siddhachal further submits that the investigation for the date of loading of containers after 30.06.2024 has relied upon the document which is attached with the Import Manifest is not BL at all but unsigned unstamped paper details like BL No. OSLSBL-957/24 dated 01.07.2024 with sailing date 14.07.2024 with vessel name SUNSETX cannot be considered as Bill of Lading at all and other two BLs are showing date before 30.06.2024, so impugned SCN is liable to be withdrawn only this ground too.

10.8.1 M/s. Siddhachal in view of the above submits that goods viz. 104.2 MT Watermelon Seeds imported under the Bills of Entry dated 10.09.2024 are not liable to confiscation under the provisions of the Customs Act, 1962 not to speak of Section 111(d), Section 111(m) and Section 111(o) of the Customs Act, 1962. It is nowhere spelt out in the impugned SCN that how goods are liable to confiscation under the said 3 clauses. In any case it is not the case of the department that goods are prohibited (as per the SCN same is restricted), goods do not correspond in respect of value or in any particular with the entry made under the Customs Act (there was no mis-declaration at all as all entry made in the Bills of Entry are as per the documents furnished with the Bills of Entry etc) and goods are prohibited in respect of import thereof under this act or

any other law time being in force, in respect of which the condition is not observed (as per the SCN goods are restricted and not prohibited).

10.8.2 M/s. Siddhachal further submits that in view of the above goods are not restricted goods as the BL is for the consignments with shipped on board Bill of Lading issued prior to 30.06.2024 but for the sake of argument it is presumed that as interpreted by the investigation that not only consignments with shipped on board also after 30.06.2024 even in that case goods become “restricted goods” as per the said Notification No. 5/2023 dated 05.04.2024 issued by DGFT and prohibited goods so goods cannot be liable to confiscation under Section 111(d) of the Customs Act, 1962.

The words “Prohibited Goods” are defined under Section 2(33) of the Customs Act, 1962 which reads as under:

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;

M/s. Siddhachal further submits the words “Restricted Goods” are not defined under the Customs Act, 1962. As per amongst other following settled position of law “Prohibited Goods” and “Restricted Goods” are different and “Restricted Goods” cannot be absolutely confiscated but have to be provisionally released and also option to pay redemption fine have to be offered.

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- 2019 (365) E.L.T. 465 (S.C.)**

“9. Unfortunately, both the Commissioner and the Tribunal did not advert to the provisions of the Foreign Trade Act. The High Court dealing with the same has aptly noticed that Section 11(8) and (9) read with Rule 17(2) of the Foreign Trade (Regulation) Rules, 1993 provides for confiscation of goods in the event of contravention of the Act, Rules or Orders but which may be released on payment of redemption charges equivalent to the market value of the goods. Section 3(3) of the Foreign Trade Act provides that any order of prohibition made under the Act shall apply mutatis mutandis as deemed to have been made under Section 11 of the Customs Act also. Section 18A of the Foreign Trade Act reads that it is in addition to and not in derogation of other laws. Section 125 of the Customs Act vests discretion in the authority to levy fine in lieu of confiscation. The MFDs were not prohibited but restricted items for import. A harmonious reading of the statutory provisions of the Foreign Trade Act and Section 125 of the Customs Act will therefore not

detract from the redemption of such restricted goods imported without authorisation upon payment of the market value. There will exist a fundamental distinction between what is prohibited and what is restricted. We therefore, find no error with the conclusion of the Tribunal affirmed by the High Court that the respondent was entitled to redemption of the consignment on payment of the market price at the reassessed value by the Customs authorities with fine under Section 112(a) of the Customs Act, 1962.”

SHREE BALAJI INDUSTRIES Versus ADDITIONAL/JOINT COMMISSIONER OF CUSTOMS - 2024 (387) E.L.T. 294 (P & H)

Provisional release of goods, documents, things - Watermelon seeds - Bill of Entry dated 24-11-2022 - Department detained goods alleging that ‘Watermelon Seeds’ were misdeclared as ‘Roasted Seeds Kernels’ - Department also denied provisional release on ground that they were prohibited goods - DGFT Notifications dated 26-4-2021 and 21-6-2022 amended import policy for Melon seeds classifiable under HS Code 1207 70 90 of Customs Tariff Act, 1975 - Before Notification dated 26-4-2021, import of Melon Seeds was free and thereafter they were treated to be as restricted - As per Notification dated 21-6-2022, Watermelon Seeds imported by 30-9-2022 were treated to be free provided Bill of Entry was filed by 31-10-2022 - By 3-5-2023, Plant and Quarantine Department’s report had come in favour of importer - HELD : Intention of Notification dated 21-6-2022 was not to reject import of Watermelon Seeds already before Customs Authority for examination by 31-10-2022 on ground that they were restricted - Prior to Notification dated 26-4-2021, import of Watermelon Seeds was free and importers did not require permit for import - As per DGFT Notification dated 26-4-2021 read with Notification dated 21-6-2022, Watermelon Seeds were only restricted goods after 30-9-2022, and not prohibited goods, and for their import without valid permit, they could be provisionally released subject to final adjudication order - It was moreso as report of Plant and Quarantine Department was in favour of importer - Section 110A of Customs Act, 1962. [paras 17, 20, 23]

COMMISSIONER OF CUSTOMS, BENGALURU Versus SRI BANASHANKR TRADERS - 2024 (390) E.L.T. 42 (Tri. - Bang.)

Improper import - Confiscation - Used digital multifunctional machines - Importer claimed classification of goods under Tariff Item 8443 31 00 of Customs Tariff - Department claimed classification under Tariff Item 8443 31 00 ibid. - Adjudication

Authority ordered an absolute confiscation but Commissioner (Appeals) allowed appeals without specifying amount of fine and penalty or remand to original authority for their determination - Department contended that goods were imported in violation of Customs Act, 1962 and other statutory provisions - Confiscation of used digital multifunctional machines was considered by various authorities, including Supreme Court in Atul Automations Pvt. Ltd. [2019 (365) E.L.T. 465 (S.C.)] and Digital Express and S.R. Enterprise [2021 (375) E.L.T. 643 (Kar.)] where it was held that they could not be absolutely confiscated even if imported in violation of statutory provisions, and in absence of evidence of profit margin, they could be redeemed on payment of fine of 10% of enhanced value and penalty of 5% of enhanced value - HELD : Issue was no more res-integra - There was no infirmity in allowing release of goods subject to payment of fine and penalty - Adjudicating Authority should release goods on payment of appropriate Customs duty on enhanced value, redemption fine and penalty - Section 111 read with Sections 112 and 125 of Customs Act, 1962. [paras 6, 7]

COMMR. OF CUS., LUDHIANA Versus B.E. OFFICE AUTOMATION PRODUCTS PVT. LTD. - 2020 (371) E.L.T. 592 (Tri. - Chan.)

Multi-Function Devices (MFD) - Used devices - Import of - Restricted but not prohibited - Issue already covered by decision of Supreme Court in Atul Automations Pvt. Ltd. [2019 (365) E.L.T. 465 (S.C.)] - Changes made in policy vide Notification No. 5/2015-2020, dated 7 May, 2019 not to make any impact - Goods cannot be absolutely confiscated - Redemption fine and penalty reduced to 10% and 5% of assessable value - Sections 111, 112 and 125 of Customs Act, 1962. [2019 (365) E.L.T. 465 (S.C.) followed]. [paras 6, 7, 8, 10]

Thus, since goods are restricted but not prohibited so same cannot be absolutely confiscated under Section 125 of the Customs Act, 1962 like prohibited goods so same cannot be confiscated under Section 111(d) of the Customs Act, 1962.

10.8.3 M/s. Siddhachal without admitting anything alternatively prays that in any case if your good office may order for confiscation of seized goods a lenient view may be taken while giving an option to pay fine in lieu of confiscation under Section 125 of the Customs Act, 1962. As submitted in para supra goods are not prohibited goods but restricted goods so as per language used in Section 125(1) of the Customs Act, 1962 i.e. "shall" it is mandatory on your part to give an option to pay in lieu of confiscation.

As provided under Section 125(2) of the Customs Act, 1962 it is

ready to pay duty of the customs as assessed by it with the reasonable amount of fine as per the above settled position of law and penalty as discussed in para infra.

10.9.1 M/s. Siddhachal further submits that in view of the above, goods are not liable to confiscation under any of the clause of Section 111 of the Customs Act, 1962 therefore, no penalty is imposable upon it under Section 112(a) and Section 112(b) of the Customs Act, 1962.

10.9.2 M/s. Siddhachal further submits penalty under Section 112(a) of the Customs Act, 1962 can be imposed only when any person 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.

As discussed in detailed the investigation carried out by the DRI in para supra it has not done or omitted to does any act in relation to the goods which act or omission would render such goods liable to confiscation nor abets the doing or omission of such an act, therefore, no penalty can be imposed upon it under Section 112(a) of the Customs Act, 1962.

10.9.3 M/s. Siddhachal further submits penalty under Section 112(b) of the Customs Act, 1962 can be imposed only when any person who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under Section 111.

As discussed in detailed in para supra that the investigation carried out by the DRI that though it has purchased the goods but it does not know or has reason to believe are liable to confiscation under Section 111, therefore, no penalty can be imposed upon it under Section 112(b) of the Customs Act, 1962.

10.9.4 M/s. Siddhachal without admitting anything further submits that as stated in para supra no penalty is imposable upon it but in any case a person can either be penalised in the situations stated in clause (a) or (b) of Section 112 but cannot be penalised under both the sub-clause in any of the situation as both governs different situations.

Penalty under clause (a) can be imposed upon a person when a person acts or omits in relation to goods which render such goods liable to confiscation under Section 111 of the Customs Act, 1962 or one may abets in doing such acts or omission which render goods liable to confiscation under Section 111 of the Customs Act, 1962;

Whereas penalty under clause (b) can be imposed upon a person dealing with the goods in any manner including the manner specified in the clause with knowledge or reason to believe are liable to confiscation under Section 111 of the Customs Act, 1962.

Apart from that in either of the situation of clause (a) or (b), quantum of penalty can be as per any of the clause (i) to (v) of Section 112 which is not specified, thereby it is not put to the proper notice. So it is not in a position to defend the matter properly. As per settled position of law such notice is liable to be quashed and set aside.

In any case as submitted in para supra goods are not prohibited but restricted so no penalty can be imposed under Section 112(a)(i) or Section 112(b)(i) of the Customs Act, 1962.

So without admitting anything it is submitted that at the most penalty under Section 112(a)(ii) or Section 112(b)(ii) i.e. Rs. 5,000/- can be imposed as it is not the case of evasion of duty by M/s. Siddhachal as per the investigation and allegations made in the impugned SCN.

10.10 .1 M/s. Siddhachal further submits that in view of the above no penalty is imposable upon it under Section 114AA of the Customs Act, 1962. A penalty under Section 114AA ibid can be imposed only when a person knowingly or intentionally makes, signs or uses or causes to be made, signed or used any declaration, statement or document which is false or incorrect in any material particular, in the transactions of any business for the purpose of this act, shall be liable to penalty.

It is not the case or allegation of the department that M/s. Siddhachal has knowingly or intentionally makes, signs or uses or causes to be made, signed or used any declaration, statement or document which is false or incorrect in any material particular, in the transactions of any business for the purpose of this act, so not penalty is imposable upon it under the said section irrespective of the fact that penalty under Section 114AA of the Customs Act, 1962 can be imposed upon a person only when there is export on paper without physical export of the goods so as to avail export incentives/benefits.

10.10.2 M/s. Siddhachal without admitting anything further submits that proposal to impose penalty under Section 114AA of the Customs Act, 1962 upon it is also without understanding the provisions as well was legislature intention to insert the said section. In view of the above submission no penalty is imposable upon it. Even otherwise said proposal is also devoid of merits. Plain reading of Section 114AA very much clears that it can be imposed only when somebody intentional use of false and incorrect material, which reads as under:

SECTION 114AA. Penalty for use of false and incorrect material. - If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.

The first and foremost requirement to bring any person under domain of Section 114AA is that he must be **knowingly or intentionally** using the declaration, statement or document and such declaration,

statement or document should be for transaction under provisions of Customs Act, 1962. M/s. Siddhachal most respectfully submits that none of the above element applies to it. As already discussed in para supra there was no declaration etc. of false or incorrect particular in any material. Hence question of imposing penalty under Section 114AA does not arise.

10.10.3 M/s. Siddhachal without admitting anything, as regards to proposal for imposition of penalty under Section 114AA of the Customs Act, 1962 would further like to draw your kind attention towards the fact that same can be imposed only in the situation of export on paper without physical export or involving fraudulent export and cannot be invoked for any alleged violation in import of goods.

For the above submission attention is further invited towards paragraph 62 to 66 of Standing Committee on Finance 27th Report - (2005-2006) – The Taxation Laws (Amendment) Bill, 2005.

Based on the same it is submitted that intention of legislature was to impose penalty under said Section 114AA only on exporters who were claiming export on paper and claiming illicit benefit of export incentives as is evident from following:

“Section 114 provides for penalty for improper exportation of goods. However, there have been instance where export was on paper only and no goods had ever crossed the border. Such serious manipulators could escape penal action when no goods were actually exported. The lacuna has an added dimension because of various export incentive schemes. To provide for penalty in such cases of false and incorrect declaration of material particulars and for giving false statements, declarations, etc for the purpose of transaction of business under the Customs Act, it is proposed to provide expressly the power to levy penalty up to 5 times the value of goods. A new section 114AA is proposed to be inserted after Section 114AA.”

Based on above, it is submitted that instant case is of import and not of export so in any case no penalty can be imposed under Section 114AA of the Customs Act, 1962.

10.11 M/s. Siddhachal last but not least most respectfully further request to your goodself that shipping lines and concern CFS may also be directed/ recommended to waive the demurrage and detention charges as per Regulation 6(1)(l) Handling of Cargo in Customs Area Regulations, 2009 for **the seizure period of the goods on merit of the case.**

10.12 M/s. Siddhachal in view of the above and without admitting anything alternatively prays that in any case at least goods may be allowed to re-export that too without payment of any fine and penalty as per settled position of law.

10.13 M/s. Siddhachal in view of the above requests to drop

the proceedings initiated under the impugned notice or goods may be provisionally released pending adjudication and or allow re-export of the goods as requested above.

10.14 M/s. Siddhachal reserves its right to add or withdraw or amend the submissions at any time before passing order in the matter.

10.15 M/s. Siddhachal wishes to be heard in person before any adverse decision in the matter.

11.1 M/s. Siddhachal Agro Industries (IEC: ADXFS9016L) (Importer) (**Noticee No. 1**) and Shri Prashant Dhirubhai Popat, Partner of M/s. Multigreen International (**Noticee No. 4**) submitted their reply dated 06.06.2025, wherein they have, *inter alia*, submitted that:

11.1.1 The Noticees submitted that allegations made against importer and Shri Prashant Popat are completely baseless and contrary to what revealed during the course of investigation. Not a single documentary evidence or oral evidence suggests that the importer and Shri Prashant Popat were either aware about issue of two bills of lading with different dates for the same consignments or same were within their knowledge. Nothing is adduced for the above allegations against the importer and Shri Prashant Popat so goods are not liable to confiscation nor they are liable to penalty under any of the section of the Customs Acts on the basis of said baseless allegations. Apart from that neither goods are liable to confiscation nor any penalty imposable upon importer and Shri Prashant Popat on the following grounds. The submissions were made without prejudice to one another and without admitting anything.

11.1.2 The Noticees submitted that it may please be appreciated that statements of proprietor/ partner/director etc. of the importer and Shri Prashant Popat are completely exculpatory and it clearly reveals that it was not within their knowledge about the Bills of Lading received by them and submitted to Customs with Ship on Board date and Place of Issue Date prior to 30.06.2024 were not correct and other Bills of Ladings with Ship on Board Date and Place of Issue Date before and after 30.06.2024 or vice versa or after 30.06.2024 (Irrespective of fact that such BLs are relied upon by the investigation are unsigned and unstamped which have no evidential value at all) for the same shipments were issued by the shipping line as relied upon by the investigation. If any switch over of Bills of Lading etc. were not within their knowledge. They had contracted with the suppliers of goods for the Shipping Bills for the date prior to 30.06.2024 or of date 30.06.2024. Even they had not contacted any one including foreign suppliers and/or shipping line or their local agents for two sets of shipping bills with different dates for the same consignments. There was no reason to doubt on the copy of Bills of Lading duly signed and stamped received by them with the dates prior to 30.06.2024 especially when they had specifically contracted / ensured with the suppliers that goods should be on board with shipping bill on board date prior to 30.06.2024 otherwise they will not accept the goods. It was further submitted that it is not the case of the investigation that importer or Shri Prashant Popat were involved in manipulating / change in date of shipment if any by anyone shipper/shipping line so as to import goods which become restricted after

30.06.2024 due to loading after 30.06.2024 or bill of lading issue dates are after 30.06.2024. Looking to the documents including other documents uploaded with check list for Bills of Entry and also furnished by the importer during investigation no one can visualise or doubt about manipulation of Bills of Lading etc. if any. Since, Sudan is war affected country and goods are always transhipped through Jeddah delay in shipment so no one can doubt in delay in shipment as it is routine to receive goods late from Sudan.

Therefore, in view of the above no penalty is imposable upon importers and Shri under any of the provisions of Section 112(a), Section 112(b) and Section 114AA of the Customs Act, 1962, apart from the further grounds discussed herein under.

11.2 It was further submitted that in fact there is no violation of any of the provisions not to speak of Notification No. 05/2023- dated 05.04.2024 issued by DGFT as the said notification provides for issue of “ship on board” Bill of Lading issued till date of 30.06.2024. It is not matter of dispute that all the Bills of Lading submitted by the importers were issued before 30.06.2024. As per international practice when Bill of Lading is issued with only one date i.e. date of creating and signing date but same is also considered as ship on board date. However, when Bill of Lading is with two dates – Ship on board date and place of issue date, such dates can be same or different also. Thus, as per the language used in the column Sr. No. (ii) – Revised Policy Condition – date of issue of bill of lading or date of consignments with shipped on board should be before 30.06.2024. If the intention of the central government to recognise the date of consignments on shipped on board till 30.06.2024 for free import, it would have differently worded by putting the word “and” between “Consignments with shipped on board” **and** “Bill of Lading issued till 30.06.2024 shall be treated as “Free to import”. Therefore, as per the language either of date is 30.06.2024 or prior to that it has to be considered for free import of watermelon. As per admitted facts on record in many cases Bills of Lading whether original submitted by the importer or switched BLs relied upon by the investigation BL dates or ship on board dates are before 30.06.2024, so at least for those BL goods viz. watermelon imported by respective importers are have to be considered as “Free to Import” and not restricted.

11.3.1 It was submitted that in view of the above goods viz. Watermelon Seeds imported under various Bills of Entry and others for which no bills of entry are filed by respective importers stated in their reply are not liable to confiscation under the provisions of the Customs Act, 1962 not to speak of Section 111(d), Section 111(f), Section 111(m) and Section 111(o) of the Customs Act, 1962.

It was further submitted that it is nowhere spelt out in the impugned SCN that how goods are liable to confiscation under the said 4 clauses of Section 111 of the Customs Act, 1962. In any case it is not the case of the department that goods are prohibited (as per the SCN and impugned notification issued by the DGFT same is restricted), goods do not correspond in respect of value or in any particular with the entry made

under the Customs Act (there was no mis-declaration at all as all entry made in both the Bills of Entry are as per the documents furnished with the Bills of Entry etc) and goods are prohibited in respect of import thereof under this act or any other law time being in force, in respect of which the condition is not observed (as per the SCN goods are restricted under the said notification issued under FTDR, 1992 and not prohibited under Section 11 of the Customs Act, 1962). It is also not the case for Containers for which only IGMs were filed by the person in charge of a vessel carrying imported goods or any other person as may be specified by the Central Government by Notification are required to be mentioned are not so mentioned, so in any case goods are not liable to confiscation under any of the said clause of Section 111(d), Section 111(m), Section 111(o) and Section 111(f) of the Customs Act, 1962.

11.3.2 It was further submitted that in view of the above goods are not restricted goods as all BLs were for the consignments with shipped on board Bill of Lading issued prior to 30.06.2024 but for the sake of argument it is presumed that as interpretation made by the investigation that not only consignments with shipped on board after 30.06.2024 and Bill of Lading issued till 30.06.2024 even in that case goods become "restricted goods" as per the said Notification No. 5/2023 dated 05.04.2024 issued by DGFT and not prohibited goods under Section 11 of the Customs Act, 1962 so goods cannot be liable to confiscation under Section 111(d) of the Customs Act, 1962.

The words "Prohibited Goods" are defined under Section 2(33) of the Customs Act, 1962 which reads as under:

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;

It was further submitted the words "Restricted Goods" are not defined under the Customs Act, 1962. As per amongst other following settled position of law "Prohibited Goods" and "Restricted Goods" are different and "Restricted Goods" cannot be absolutely confiscated but have to be provisionally released and also option to pay redemption fine have to be offered.

11.3.3 It was submitted that the goods imported are not prohibited goods under Notification issued under Section 11 of the Customs Act, 1962, so are not prohibited goods at all. Even goods are not prohibited goods under any other law time being force i.e. notification No. 5/2023 dated 05.04.2024 issued under Section 3 of the FTDR, 1992 but same was restricted in the circumstances specified under the said notification.

11.3.4 It was further submitted that though the said Notification No. 5/2023 dated 05.04.2024 was issued under Section 3 and 5 of the Foreign Trade (Development and Regulation) Act, 1992 (Hereinafter referred to as FTDR, 1992) as per sub-section (3) of Section 11 of the Customs Act,

1962, the said notification shall be executed under the provisions of that Act only if such prohibition or restriction is notified under the provisions of the Customs Act, 1962. Since, there is no notification issued under Section 11 of the Customs Act, 1962, the said notification dated 05.04.2024 cannot be executed even under the said Act i.e. FTDRA, 1992. Thus, goods cannot be considered as restricted goods under the said notification dated 05.04.2024 for the purpose of Customs Act, 1962 so question of considering the said goods as prohibited or restricted under the Customs Act, 1962 does not arise at all. Therefore, same are not liable to confiscation nor any penalty can be imposed upon importer and Shri Prashant Popat.

11.3.5 It is further submitted that in absence of any specific provisions under the Customs Act, 1962 or FTDRA, 1992 authorising the proper officer of the Customs to adjudicate the case of violation of provisions of the FTDRA, 1992 or rules made thereunder or notification issued thereunder including the restricted goods under the said notification issued under Section 3 of the FTDRA, 1992. Only DGFT Officers are authorised under the said Act as proper officer to adjudicate the matter of goods liable to confiscation if any for under the said FTDRA, 1992 and notification issued thereunder. Thus, impugned SCNs issued by the Additional Commissioner, Customs is without jurisdiction and therefore, same are liable to be withdrawn.

11.4 Without prejudice to above your kind attention was invited towards following decisions on the subject:

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“9. Unfortunately, both the Commissioner and the Tribunal did not advert to the provisions of the Foreign Trade Act. The High Court dealing with the same has aptly noticed that Section 11(8) and (9) read with Rule 17(2) of the Foreign Trade (Regulation) Rules, 1993 provides for confiscation of goods in the event of contravention of the Act, Rules or Orders but which may be released on payment of redemption charges equivalent to the market value of the goods. Section 3(3) of the Foreign Trade Act provides that any order of prohibition made under the Act shall apply mutatis mutandis as deemed to have been made under Section 11 of the Customs Act also. Section 18A of the Foreign Trade Act reads that it is in addition to and not in derogation of other laws. Section 125 of the Customs Act vests discretion in the authority to levy fine in lieu of confiscation. The MFDs were not prohibited but restricted items for import. A harmonious reading of the statutory provisions of the Foreign Trade Act and Section 125 of the Customs Act will therefore not detract from the redemption of such restricted goods imported without authorisation

upon payment of the market value. There will exist a fundamental distinction between what is prohibited and what is restricted. We therefore, find no error with the conclusion of the Tribunal affirmed by the High Court that the respondent was entitled to redemption of the consignment on payment of the market price at the reassessed value by the Customs authorities with fine under Section 112(a) of the Customs Act, 1962.”

SHREE BALAJI INDUSTRIES Versus ADDITIONAL/JOINT COMMISSIONER OF CUSTOMS - 2024 (387) E.L.T. 294 (P & H)

Provisional release of goods, documents, things - Watermelon seeds - Bill of Entry dated 24-11-2022 - Department detained goods alleging that ‘Watermelon Seeds’ were misdeclared as ‘Roasted Seeds Kernels’ - Department also denied provisional release on ground that they were prohibited goods - DGFT Notifications dated 26-4-2021 and 21-6-2022 amended import policy for Melon seeds classifiable under HS Code 1207 70 90 of Customs Tariff Act, 1975 - Before Notification dated 26-4-2021, import of Melon Seeds was free and thereafter they were treated to be as restricted - As per Notification dated 21-6-2022, Watermelon Seeds imported by 30-9-2022 were treated to be free provided Bill of Entry was filed by 31-10-2022 - By 3-5-2023, Plant and Quarantine Department’s report had come in favour of importer - HELD : Intention of Notification dated 21-6-2022 was not to reject import of Watermelon Seeds already before Customs Authority for examination by 31-10-2022 on ground that they were restricted - Prior to Notification dated 26-4-2021, import of Watermelon Seeds was free and importers did not require permit for import - As per DGFT Notification dated 26-4-2021 read with Notification dated 21-6-2022, Watermelon Seeds were only restricted goods after 30-9-2022, and not prohibited goods, and for their import without valid permit, they could be provisionally released subject to final adjudication order - It was moreso as report of Plant and Quarantine Department was in favour of importer - Section 110A of Customs Act, 1962. [paras 17, 20, 23]

COMMISSIONER OF CUSTOMS, BENGALURU Versus SRI BANASHANKR TRADERS - 2024 (390) E.L.T. 42 (Tri. - Bang.)

Improper import - Confiscation - Used digital multifunctional machines - Importer claimed classification of goods under Tariff Item 8443 31 00 of Customs Tariff - Department claimed classification under Tariff Item 8443 31 00 ibid. - Adjudication Authority ordered an absolute confiscation but Commissioner (Appeals) allowed appeals without specifying amount of fine and penalty or remand to original authority for their determination - Department contended that goods were imported in violation of Customs Act, 1962 and other statutory

provisions - Confiscation of used digital multifunctional machines was considered by various authorities, including Supreme Court in Atul Automations Pvt. Ltd. [2019 (365) E.L.T. 465 (S.C.)] and Digital Express and S.R. Enterprise [2021 (375) E.L.T. 643 (Kar.)] where it was held that they could not be absolutely confiscated even if imported in violation of statutory provisions, and in absence of evidence of profit margin, they could be redeemed on payment of fine of 10% of enhanced value and penalty of 5% of enhanced value - HELD : Issue was no more res-integra - There was no infirmity in allowing release of goods subject to payment of fine and penalty - Adjudicating Authority should release goods on payment of appropriate Customs duty on enhanced value, redemption fine and penalty - Section 111 read with Sections 112 and 125 of Customs Act, 1962. [paras 6, 7]

COMMR. OF CUS., LUDHIANA Versus B.E. OFFICE AUTOMATION PRODUCTS PVT. LTD. - 2020 (371) E.L.T. 592 (Tri. - Chan.)

Multi-Function Devices (MFD) - Used devices - Import of - Restricted but not prohibited - Issue already covered by decision of Supreme Court in Atul Automations Pvt. Ltd. [2019 (365) E.L.T. 465 (S.C.)] - Changes made in policy vide Notification No. 5/2015-2020, dated 7 May, 2019 not to make any impact - Goods cannot be absolutely confiscated - Redemption fine and penalty reduced to 10% and 5% of assessable value - Sections 111, 112 and 125 of Customs Act, 1962. [2019 (365) E.L.T. 465 (S.C.) followed]. [paras 6, 7, 8, 10]

Based on the above judgments without admitting anything it was submitted that thus goods may be restricted but not prohibited so same cannot be absolutely confiscated under Section 125 of the Customs Act, 1962 like prohibited goods so same cannot be confiscated under Section 111(d) of the Customs Act, 1962.

11.4.1 It was without admitting anything alternatively prays that in any case if your good office may order for confiscation of seized goods a lenient view may be taken while giving an option to pay fine in lieu of confiscation under Section 125 of the Customs Act, 1962. As submitted in para supra goods are not prohibited goods but restricted goods so as per language used in Section 125(1) of the Customs Act, 1962 i.e. "shall" it is mandatory on your part to give an option to pay in lieu of confiscation.

11.4.2 It was further submitted that without admitting anything even if for the sake of argument it is considered that goods imported by the importers are prohibited goods, then also your good office has discretion to release the goods on payment of fine and penalty as per Section 125(1) of the Customs Act, 1962.

Therefore, as provided under Section 125(2) of the Customs Act, 1962 importers are ready to pay duty of the customs as assessed by them with the reasonable amount of fine as per the above settled position of law

and penalty as discussed in para supra.

11.5.1 It was further submitted that in view of the above, goods are not liable to confiscation under any of the clause of Section 111 of the Customs Act, 1962 therefore, no penalty is imposable upon it under Section 112(a) and Section 112(b) of the Customs Act, 1962.

11.5.2 It was further submitted penalty under Section 112(a) of the Customs Act, 1962 can be imposed only when any person 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.

As discussed in detailed the investigation carried out by the DRI in the written submissions made by all 4 importers they have not done or omitted to do any act in relation to the goods which act or omission would render such goods liable to confiscation nor abet the doing or omission of such an act, therefore, no penalty can be imposed upon them under Section 112(a) of the Customs Act, 1962.

11.5.3 It was further submitted penalty under Section 112(b) of the Customs Act, 1962 can be imposed only when any person who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under Section 111.

As discussed in detailed in para supra that the investigation carried out by the DRI that though importers have purchased the goods /Shri Prashant Popat had arranged deal as broker but they do not know or has reason to believe that goods are liable to confiscation under Section 111, therefore, no penalty can be imposed upon them under Section 112(b) of the Customs Act, 1962.

11.5.4 It was without admitting anything further submitted that as stated in para supra no penalty is imposable upon importers but in any case a person can either be penalised in the situations stated in clause (a) or (b) of Section 112 but cannot be penalised under both the sub-clause in any of the situation as both governs different situations.

Penalty under clause (a) can be imposed upon a person when a person acts or omits in relation to goods which render such goods liable to confiscation under Section 111 of the Customs Act, 1962 or one may abets in doing such acts or omission which render goods liable to confiscation under Section 111 of the Customs Act, 1962;

Whereas penalty under clause (b) can be imposed upon a person dealing with the goods in any manner including the manner specified in the clause with knowledge or reason to believe are liable to confiscation under Section 111 of the Customs Act, 1962.

Apart from that in either of the situation of clause (a) or (b), quantum of penalty can be as per any of the clause (i) to (v) of Section 112 which is not specified, thereby importers and Shri Prashant Popat are not

put to the proper notice. So it is not in a position to defend the matter properly. As per settled position of law such notice is liable to be quashed and set aside.

In any case as submitted in para supra goods are not prohibited but restricted so no penalty can be imposed under Section 112(a)(i) or Section 112(b)(i) of the Customs Act, 1962.

So without admitting anything it was submitted that at the most penalty under Section 112(a)(ii) or Section 112(b)(ii) i.e. Rs. 5,000/- can be imposed as it is not the case of evasion of duty by importers and Shri Prashant Popat as per the investigation and allegations made in the impugned SCN.

11.6.1 It was further submitted that in view of the above no penalty is imposable upon them not to speak of under Section 114AA of the Customs Act, 1962. A penalty under Section 114AA ibid can be imposed only when a person knowingly or intentionally makes, signs or uses or causes to be made, signed or used any declaration, statement or document which is false or incorrect in any material particular, in the transactions of any business for the purpose of this act, shall be liable to penalty.

It is not the case or allegation of the department that importers and Shri Prashant Popat knowingly or intentionally makes, signs or uses or causes to be made, signed or used any declaration, statement or document which is false or incorrect in any material particular, in the transactions of any business for the purpose of this act, so no penalty is imposable upon them under the said section irrespective of the fact that penalty under Section 114AA of the Customs Act, 1962 can be imposed upon a person only when there is export on paper without physical export of the goods so as to avail export incentives/benefits.

11.6.2 It was without admitting anything further submitted that proposal to impose penalty under Section 114AA of the Customs Act, 1962 upon them are also without understanding the provisions as well as legislature intention to insert the said section. In view of the above submission no penalty is imposable upon them. Even otherwise said proposal is also devoid of merits. Plain reading of Section 114AA very much clears that it can be imposed only when somebody intentional use of false and incorrect material, which reads as under:

SECTION 114AA. Penalty for use of false and incorrect material. - If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.

The first and foremost requirement to bring any person under domain of Section 114AA is that he must be **knowingly or intentionally** using the declaration, statement or document and such declaration,

statement or document should be for transaction under provisions of Customs Act, 1962. It was most respectfully submitted that none of the above element applies to them. As already discussed in para supra there was no declaration etc. of false or incorrect particular in any material. Hence question of imposing penalty under Section 114AA does not arise.

11.6.3 It was without admitting anything, as regards to proposal for imposition of penalty under Section 114AA of the Customs Act, 1962 kind attention was invited towards the fact that same can be imposed only in the **situation of export on paper without physical export** or **involving fraudulent export** and cannot be invoked for any alleged violation in import of goods.

For the above submission attention was further invited towards paragraph 62 to 66 of Standing Committee on Finance 27th Report - (2005-2006) – The Taxation Laws (Amendment) Bill, 2005.

Based on the same it was submitted that intention of legislature was to impose penalty under said Section 114AA only on exporters who were claiming export on paper and claiming illicit benefit of export incentives as is evident from following:

*“Section 114 provides for penalty for improper exportation of goods. **However, there have been instance where export was on paper only and no goods had ever crossed the border. Such serious manipulators could escape penal action when no goods were actually exported. The lacuna has an added dimension because of various export incentive schemes. To provide for penalty in such cases of false and incorrect declaration of material particulars and for giving false statements, declarations, etc for the purpose of transaction of business under the Customs Act, it is proposed to provide expressly the power to levy penalty up to 5 times the value of goods. A new section 114AA is proposed to be inserted after Section 114AA.**”*

Based on above, it was submitted that instant case is of import and not of export so in any case no penalty can be imposed under Section 114AA of the Customs Act, 1962.

11.7 Last but not least it was most respectfully further requested to your goodself that in view of the above shipping lines and concern CFS may also be directed/recommended to waive the demurrage and detention charges as per Regulation 6(1)(l) Handling of Cargo in Customs Area Regulations, 2009 for **the seizure period of the goods on merit of the case.**

11.8 In view of the above and without admitting anything alternatively it was prayed that in any case at least goods may be allowed to re-export that too without payment of any fine and penalty as per settled position of law.

11.9 In view of the above it was requested to drop the proceedings initiated under the impugned notice or goods may be provisionally released under Section 110A of the Customs Act, read with settled position of law pending adjudication as requested by the importers vide their letters or option to pay fine in lieu of confiscation with leniency may be offered with penalty of Rs. 5,000/- or allow re-export of the goods as requested above so to avoid any further complication and undue litigation with the foreign based exporter in the deal of import made by the importer.

12.1 M/s. Paramount Sealinks Pvt. Ltd submitted their reply dated 21.04.2025, wherein he had, *inter alia*, submitted that:

12.2.1 The Noticee submitted that the allegation in the subject case that Noticee No.2 has orchestrated this transaction to conceal true Shipped on Board date in the Bills of Lading so as enable M/s. Siddhanchal Agro Industries to import restricted goods (Watermelon Seeds) is incorrect on facts. Further, the levy of penalty under section 112(b) and 114AA of the Customs Act, 1962, on Noticee no.2 is also legally incorrect. We hereby submit our counter against each, and every allegation levelled against Noticee No.2 with respect to subject import transaction.

The Noticee submit that Noticee No.2 is not privy to the trade transactions between the Sudan exporter and the Indian importer and neither the Noticee No.2 is aware about the import Custom tariffs which is categorically looked upon by the importers of the respective goods. The Noticee No.2 is a liner agent who facilitate the movement of export/import for the exporters/ importers all over India. In the present case, the Noticee No.2 has acted as a facilitator to issue Delivery Orders pertaining to the import of the impugned goods. The Noticee No.2 principal sub-agent has provided their services to the exporters in Sudan and that Noticee No.2 does not have any role in the misdeclaration of the Shipped on Board dates in the Bills of Lading by the importer i.e. Noticee No.1. The Noticee No.1 denied their involvement in mis-declaration and submission of forged documents in the clearance of restricted goods, it is the Noticee No.1 who could only have benefited from the said mis-declaration.

In this regard, The Noticee would like to submit that demand of penalty under section 112(b) and 114AA under Customs Act, 1962 should not be raised from Noticee No.2, since the mis-declaration and submission of the alleged forged documents, if they are indeed forged, can conceivably only have been done by M/s. Siddhanchal Agro Industries. Hence, the Noticee No. 2 has no role to play in this alleged clearance of restricted goods which has been actually committed by M/s. Siddhanchal Agro Industries.

12.2.2 Further, it is M/s. Siddhanchal Agro Industries who has benefitted from this wrong. M/s. Siddhanchal Agro Industries has done certain acts and abetted certain doings which has led to clearance of restricted goods. Hence, it is clear that M/s. Siddhanchal Agro Industries has submitted incorrect and manipulated documents to the customs by mis-declaring the Shipped on Board date in the Bills of Lading for the

benefit of clearance of restricted goods. The Noticee would like to submit that the request for issuance of switch bills of lading was made by the shipper at the port of loading. However, the Noticee No.2 could not have been conceivably aware that the shipper and importer together in collusion to clear restricted goods had requested for issuance of switch Bills of Lading subject to the Notification no. 05/2023 dated 05.04.2024. Therefore, the allegation related to mis-declaration of Shipped on Board date in the Bills of Lading must be raised on M/s. Siddhanchal Agro Industries and further demand of penalty should be demanded from Noticee No.1 only. Without prejudice to the above, The Noticee would like to submit that, even though M/s. Siddhanchal Agro Industries has denied the mistake, it is apparent that if any misconduct was indeed perpetrated, then only M/s. Siddhanchal Agro Industries involvement in clearance of restricted goods can be established and therefore, the Noticee No.2 is not required to pay any penalty in this case.

There is no evidence against Noticee No.2 for orchestrating this transaction for enabling clearance of restricted goods at the end of M/s. M/s. Siddhanchal Agro Industries.

12.2.3 The Noticee would like to submit that no evidence has been put on table related to conspiracy or orchestrating by Noticee No.2 for this alleged crime. The Noticee No.2 is not a party to the alleged scheme of misrepresentation which has resulted in clearance of restricted goods by M/s. Siddhanchal Agro Industries.

The Section 1 of the Customs Act, 1962, was amended via Finance Act, 2018 and came into effect from 29th March, 2018, and by virtue of the amendment, the exporter based in Sudan and the importer in India are to be proceeded against the Act, and not the shipping companies who do not gain anything from the unlawful acts committed by the importer in India.

12.2.4 The Noticee No.2 principal sub-agent in Sudan is not conversant with the Custom laws of India, however it is the importer who has to be aware of such restrictions prior importing any material which is in contravention to the Indian Customs Act. As such the Noticee No.2 cannot be held liable to be penalized for the wrongful acts of the importer M/s. Siddhanchal Agro Industries. The Noticee would like to submit that the statements given by the employees of Noticee No.2 are exculpatory. The Noticee No.2 does not have any ill intention to this non-compliance. It is a matter of fact that the original 1st leg Bills of Lading were surrendered in Sudan basis which the 2nd leg Bills of Lading were released. The 2nd leg B/Ls are the switched Bills of Lading which were shared with Noticee No.2 by their principal sub-agent along with the pre-alerts and freight manifest to file the IGM at the discharge port. The procedure of issuance of switch bills of lading is a standard practice in the Maritime Industry. Even major shipping lines such as Maersk, CMA CGM, COSCO, etc, issue switch B/Ls on a case-to-case basis as per the International Shipping Laws which is applicable to all shipping companies. It is a matter of fact that maritime law does not restrict shipping companies for issuance of switch Bill of Lading once the original Bill of Lading has been surrendered by the

shipper at load port. Concerning the allegations levelled against Noticee No.2 by your office pertaining to the Switch Bills of Lading issued in the aforementioned shipments, a Switch Bill of Lading is simply the second set of Bill of Lading issued by the carrier or it's agent to substitute the Original Bills of Lading issued at the time of the shipment, even though it technically deals with the same cargo. To emphasize in detail, switch Bills of Lading are issued for replacement of certain details specified as below:

(a) the original bill names a discharge port which is subsequently changed (e.g. because the receiver has an option or the good are resold) and new bills are required naming the new discharge port:

(b) a seller of the goods in a chain of contracts does not wish the name of the original shipper to appear on the bill of lading, and so a new set is issued, sometimes naming the seller as the shipper. A variation on this is where party does not wish the true port of loading to be named on the bill;

(c) the first set of bills may be held up in the country of shipment, or the ship may arrive at the discharge port in advance of the first set of bills. A second set may therefore be issued in order to expedite payment, or to ensure that delivery can take place against an original bill;

(d) shipment of goods may originally have been in small parcels, and the buyer of those goods may require one bill of lading covering all of the parcels to facilitate his on sale. The converse may also happen i.e. one bill is issued for a bulk shipment which is then to be split.

Where switch bills are issued, the first set should be surrendered to the carrier in exchange for the new set. There is usually no objection to this practice. However, the switch bills may contain misrepresentations e.g., as to the true port of loading.

The above inference has been taken from the International Transport Intermediaries Club, Issuance of Switch Bill of Lading 2013,1.

Furthermore, International book Carriage of Goods by Sea Sixth Edition, Pg. No. 171 specifically states that :

5.7 Switch Bills

*In concluding the survey of the functions of bills of lading, brief mention must be made of the modern practice of issuing switch bills. Under this procedure, the original set of bills of lading under which the goods have been shipped is surrendered to the carrier, or his agents, in exchange for a new set of bills in which some of the details, such as those relating to the name and address of the shipper, **the date of issue of the bills** or the port of shipment, have been altered.*

Hereto annexed and marked as **Annexure - "C"** are the copies of the printed details of Switch Bills of Lading mentioned in the International book Carriage of Goods by Sea, Sixth Edition.

12.2.5

It is pertinent to note that the Noticee No.2 was not

aware that the switch Bills of Lading were requested by the shipper for the purpose of clearance of restricted goods by Noticee No.1. The Noticee No.2 principal sub-agent in Sudan shared only the second leg Bills of Lading with Noticee No.2 for import manifestation purpose, as the 1st leg Bills of Lading were already surrendered by the shipper in Sudan and hence the 1st leg Bill of Lading was considered as null and void. For all consignments exported from Sudan, it is outside the scope and authority of Noticee No.2 to inspect if the customs clearance is being done by the respective importers in India as per the prevailing customs laws. Consequently, on this ground it is submitted that Noticee No.2 is not liable for any penalty under Section 112(b) and 114AA of the Customs Act, 1962. Also, Noticee No.2 was not aware about the customs notification regarding restriction on import of Watermelon Seeds after 30.06.2024. As such, we submit that Noticee No.2 is not party to this violation and hence they should not be penalized under the provisions of Customs Act. The shipping line or their agents are not required to look into the authenticity of import documents provided by the importer to the Indian customs. This is operationally not possible and legally also not required to be done as the customs clearance is not done by the shipping lines or their agents. This is the responsibility of exporter /importer to ensure the correctness of documents and declarations. The importer **M/s. Siddhanchal Agro Industries** has intentionally attempted to import watermelon seeds despite of being aware about the DGFT notification

Legal Provisions of section 112 (a) and under section 114AA of the Customs Act, 1962.

12.2.6 - The foremost legal provisions are reproduced here:
[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]*

[SECTION 114AA. Penalty for use of false and incorrect material. -
If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.]

In view of the above legal provisions, we would like to submit that section 112 (a) is not applicable to Noticee No.2 since they have not done anything which will render the goods of M/s. Siddhanchal Agro Industries to be confiscated. The Noticee No.2 has acted in a bonafide manner in relation to port of discharge procedures for subject consignment. We have also provided detailed submission against the same in above paragraphs.

Further section 114AA is also not applicable as Noticee No. 2 has

not contributed in any way relating to the clearance of subject consignment. The importer is solely responsible for attempting to clear restricted goods from the customs by filing the Bill of Entries.

In the present case, the department has failed to appreciate that the Noticee No.2 being an agent of a foreign principal cannot be held liable for mis-declaration of Shipped on Board date in the Bills of Lading which has been issued in Sudan. The onus shall, solely be attributed on the Importer only, in view of Section 147 of the Customs Act, 1962, Liability of Principal and agent:

" (1) Where this Act requires anything to be done by the owner, importer or exporter of any goods, it may be done on his behalf by his agent.

(2) Any such thing done by an agent of the owner, importer or exporter of any goods shall, unless the contrary is proved, be deemed to have been done with the knowledge and consent of such owner, importer or exporter, so that in any proceedings under this Act, the owner, importer or exporter of the goods shall also be liable as if the thing had been done by himself.

(3) When any person is expressly or impliedly authorised by the owner, importer or exporter of any goods to be his agent in respect of such goods for all or any of the purposes of this Act, such person shall, without prejudice to the liability of the owner, importer or exporter of such goods for such purposes:

Provided that where any duty is not levied or is short-levied or erroneously refunded on account of any reason other than any willful act, negligence or default of the agent, such duty shall not be recovered from the agent unless in the opinion of 1[Assistant Commissioner of Customs or Deputy Commissioner of Customs] the same cannot be recovered from the owner, importer or exporter. "

12.2.7 On a bare reading of Section 147 of the Customs Act, 1962 it can be safely construed that any violation of provisions of the Customs Act, 1962 carried out by an agent does not absolve the importer and it is deemed that such violation has been done with the knowledge and consent of such owner, importer or exporter and in any proceedings initiated, the owner, importer or exporter of the goods shall also be liable as if the thing had been done by himself and presumed to have been done with the knowledge and consent of such owner, importer or exporter, unless the contrary is proved.

In the present case nothing contrary has been adduced by the importer against the Noticee No.2 towards mis-declaration of Shipped on Board date in the bill of Lading as per Notification No. 05/2023 dated 05.04.2024. Therefore, no penalty is imposable on Noticee No.2.

a. Without prejudice to the above, the Noticee No.2 submits that considering the language of Section 114AA, the penalty under Section 114AA can be imposed on a natural person and not on a legal entity.

b. Without further prejudice to the above, the Noticee No.2 submits that the purpose of introduction of Section 114AA in the Customs Act, 1962 w.e.f. 13.07.2006 vide the Taxation Laws (Amendment) Act, 2006 was different i.e. to check frauds in export as evidenced by the observations of the Twenty Seventh Report of the Standing Committee on Finance (2005 – 06) in relation to the Taxation Laws (Amendment) Bill, 2005 as under:

“Clause 24 (Insertion of new section 114AA)

62. Clause 24 of the Bill reads as follows: After section 114A of the Customs Act, the following section shall be inserted, namely:—

“114AA. Penalty for use of false and incorrect material.—

if a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.”

c. The information furnished by the Ministry states as follows on the proposed provision:

“Section 114 provides for penalty for improper exportation of goods. However, there have been instances where export was on paper only and no goods had ever crossed the border. Such serious manipulators could escape penal action even when no goods were actually exported. The lacuna has an added dimension because of various export incentive schemes. To provide for penalty in such cases of false and incorrect declaration of material particulars and for giving false statements, declarations, etc. for the purpose of transaction of business under the Customs Act, it is proposed to provide expressly the power to levy penalty up to 5 times the value of goods. A new section 114 AA is proposed to be inserted after section 114A.”

d. It was inter-alia expressed before the Committee by the representatives of trade that the proposed provisions were very harsh, which might lead to harassment of industries, by way of summoning an importer to give a ‘false statement’ etc. Questioned on these concerns, the Ministry in their reply stated as under:

“The enhanced penalty provision has been proposed considering the serious frauds being committed as no goods are being exported but papers are being created for availing the benefits under various export promotion schemes. The apprehension that an importer can be summoned under section 108 to give a statement that the declaration of value made at the time of import was false etc., is misplaced because person summoned under Section 108 are required to state the truth upon any subject respecting which they are being examined and to produce such documents and other things as may be required in the inquiry. No person summoned under Section 108 can be coerced into stating that which is not corroborated by the documentary and other evidence in an offence case.”

e. The Ministry also informed as under: *“The new Section 114AA has been proposed consequent to the detection of several cases of fraudulent exports where the exports were shown only on paper and no goods crossed the Indian border. The enhanced penalty provision has been proposed considering the serious frauds being committed as no goods are being exported, but papers are being created for availing the number of benefits under various export promotion schemes.”*

The Committee observe that owing to the increased instances of willful fraudulent usage of export promotion schemes, the provision for levying of penalty up to five times the value of goods has been proposed. The proposal appears to be in the right direction as the offences involve criminal intent which cannot be treated at par with other instances of evasion of duty. The Committee, however, advise the Government to monitor the implementation of the provision with due diligence and care so as to ensure that it does not result in undue harassment.”

f. In this regard, we also rely upon the ratio of Hon’ble Order in the case of M/s Access World Wide Cargo reported as 2021 (8) TMI 640 - CESTAT BANGALORE wherein it was held, inter-alia, that the ingredients of Section 114AA of the Act is not applicable to the CHA and is meant against the fraudulent exporter as is made out from 27th Report of the Standing Committee on Finance (cited Supra). It was held, inter-alia, as under:

“6. Further, I find that the ingredients of Section 114AA of the Act is not applicable to the CHA and is meant against the fraudulent exporter as is made out from 27th Report of the Standing Committee on Finance (cited Supra). I also find that in the present case, the Department has failed to prove that there was a mala fide and wilful misrepresentation by the Customs Broker. It seems that the Commissioner (Appeals) has totally misunderstood the facts and has wrongly observed that the appellant (Customs Broker) and the exporter have been operating from the same premises and have an identical ICE Code which leads one to suspect the bona fides of the appellant. This finding of the Commissioner is factually incorrect and without any basis. Further, the Commissioner on the basis of these facts has wrongly come to the conclusion that the appellant is involved in the illegal export whereas the appellant is only a Customs Broker who has filed the shipping bills on the basis of the documents furnished by the exporter.

Therefore, in view of these facts, the imposition of penalty itself is not sustainable in law and therefore I set aside the imposition of penalty on the appellant by allowing the appeal of the appellant.”

g. We refer to the Hon’ble CESTAT order in the case of M/s Interglobe Aviation Ltd reported as 021 (7) TMI 1027 - CESTAT BANGALORE wherein it was held, inter-alia, as under:

“20. The appellants also contended that the penalty under the Section 114AA can be imposed when the goods have been

exported by forging the documents knowingly or intentionally. The present case does not relate to export at all and even for imports, all the documents presented for imports were genuine and not forged and thus penalty is not imposable under Section 114AA of the Customs Act, 1962. We find that there is merit in the argument of the appellants. As the case is not of export, we find that no penalty under Section 114AA of the Customs Act, 1962 is imposable.”.

- h. We also refer to the Hon'ble CESTAT order in the case of appeal filed by the department against M/s Sri Krishna Sounds & Lightings reported as 2018 (7) TMI 867 - CESTAT CHENNAI wherein it was held, inter-alia, as under:

“7. On appreciating the evidence as well as the facts presented and after hearing the submissions made by both sides, I am of the view that the Commissioner (Appeals) has rightly set aside the penalty under Section 114AA since the present case involves importation of goods and is not a situation of paper transaction. I do not find any merit in the appeal filed by the department and the same is dismissed. The cross-objection filed by respondent also stands dismissed.”

In view of the above, in the facts of the present case which relates to import of goods, penalty is not imposable on the Noticee No.2 under Section 114AA on the above ground as well.

- i. Without prejudice to the above, the Noticee No.2 submits that in the factual matrix of this case, there is no evidence that the Noticee No.2 had knowledge that the importer is trying to do the clearance of restricted goods. Penalty under Section 114AA of the Customs Act, 1962 can be levied only if the person has knowledge and intention in commission and omission of the act. There is no evidence to show that the Noticee No.2 had any prior knowledge or intention to mis-declare the Shipped on board date in the Bills of Lading of the said goods. Therefore, the penalty under section 114AA cannot be imposed on Noticee No.2.

12.2.8 The Noticee No.2 is an agent of a foreign principal **OSL**. The Article III (8) of the Indian Carriage of Goods by Sea Act, 1925 discharges the carrier from any and / or all liabilities and / or losses , arising due to any act or omission of the Shipper or the owner of the goods.

Article III – Responsibilities and Liabilities.

(8). Any clause, covenant or agreement in a contract of carriage relieving the carrier or the ship from liability for loss or damage to or in connection with goods arising from negligence, fault or failure in the duties and obligations provided in this Article or lessening such liability otherwise than as provided in these Rules, shall be null and void and of no effect.

12.2.9 On this ground alone, it is submitted that Noticee No.2 is not liable for any misdeclaration on the part of the shipper / consignee and neither have they attributed their support in import of **Watermelon Seeds** by intentionally mis-declaring the Shipped on Board date in the Bills of Lading.

No investigation has been conducted with the supplier in Sudan.

That Section 1 of the Customs Act, 1962 was amended vide Finance Act, 2018 and came into effect from 29th March, 2018 and by virtue of the amendment, the overseas suppliers (the exporter based abroad) can also be proceeded against the Act and it is essentially for the purpose of obtaining / gathering evidences of offences /contraventions by the overseas suppliers, the COIN officers (functioning under the administrative control of the department investigative agency DRI) have been posted. That despite armed with the personnel at its command, there is absolutely no evidence gathered and brought out to substantiate the allegations made in the impugned Notice. Concerning the allegations of misdeclaration of Shipped on Board date in the Bills of Lading, the department should have probed the matter with the overseas shipper in Sudan through the said COIN officers.

12.2.10 The Noticee No.2 is not under the obligation to examine the cargo and its loading date at any point of time. The Noticee No.2 being an agent of a Foreign Liner, is not in a position to verify the declaration given by the importer to the Indian customs regarding the assessable value, customs duty or any other documents. The terms and conditions as set out in the Bill of Lading supports the Noticee No.2 contention that the Bill of Lading shall be prima facie receipt by the carrier in apparent good order and condition. The IGM was filed based on the details provided in the Switch Bills of Lading issued by the Noticee No.2 principal sub-agent in Sudan. The Noticee No.2 had no scope to know about the act of the importer and hence it cannot be held that the Noticee No.2 had conscious knowledge of the mis-declaration of Shipped on Board date in the Bills of Lading. Thus, there is no question of suppression of facts by Noticee No.2.

The Hon'ble Tribunal in the case of **M/s. Trans Asian Shipping Services P Ltd reported as 2018 (363) E.L.T. 635 (Tri. - All.)** has held that allegation of aiding and abetting cannot be upheld where IGM is filed on the basis of Bill of Lading. Relevant part of the order reads as under:- *As per facts on records, the appellant is a shipping line and was carrying the container on behalf of M/s. Ankit Metals. On the basis of a letter addressed by M/s. Ankit Metals, they applied for amendment in IGM stating that Aluminium Scrap "Tread" Weight 22.096 may be allowed to be amended to Aluminium Scrap "Tread" Weight 7.552 MT & Copper Berry/Clove Weight 14.544 MT. The said amendment was rejected by the Assistant Commissioner.*

Subsequently, the importer, M/s. Ankit Metals also addressed a number of letters to the Revenue for change in IGM based upon the communication received from the exporter. All the facts are not being adhered to, inasmuch as the same relates to imports by M/s. Ankit Metals. The only reason for imposing penalty upon the present appellant as recorded by the Commissioner is as under:

"12.13 *The shipping line had filed the IGM No. 2124032 dated 12-11-2015 on the basis of the bill of lading No. TALADS01912416 dated 10-11-2015. The bill of lading No. TALADS01912416 dated 10-11-2015 was produced before the Superintendent (SUB), ICD, Loni on 9-8-2016 wherein the description of the goods was mentioned as Aluminium scrap 'tread' 22.096 MT. The said B/L was issued on the strength of invoice no.*

Y15/141A dated 4-11-2015 of M/s. Ala International Metal Scrap TR LLC and NOC dated 4-11-2015 of M/s. Al Raha Trading Company and export declaration no. 201-02420065-15 dated 4-11-2015 all containing description of goods as Aluminium Scrap 'tread' 22.096 MT. As per statement dated 9-8-2016 of Shri Sandeep Vishwanath A. of the shipping Line, the folio No. of the bill of lading was TAL1066058. The revised bill of lading having the same Sl. No. was issued from Dubai by Dubai Arobian Shipping Agency, LLC, the agent for the carrier. As per Shri Sandeep the revised bill of lading had reference no. TAL1157913 which was issued on 5-1-2016. It is pertinent to notice that request for amendment to the IGM was filed on 28-12-2015 by the shipping line. It thus shows that any B/L could be issued at free will at the behest of the importer/shipper. Having known that an application for amendment in the IGM was pending before the customs authorities since 28-12-2015, a final set of B/L was handed over to the shipper on 5-1-2016 without waiting for the outcome of their application for amendment. It has been contended by Shri Sandeep in his statement dated 9-8-2016 that B/L being a Line document, there was no need to seek approval from Customs for issue of the same. The argument is devoid of merit for the reason that statutory document viz. IGM is filed on the basis of bill of lading and therefore, it is imperative that sanctity of the documents i.e. bill of lading is maintained. Without checking the details of goods being carried and the supporting documents, the shipping line has issued the revised bill of lading without any check and balance and thus aided and abetted the importer in his nefarious design of importing the goods by misdeclaring the same with the intent to evade payment of Customs duty. The shipping line has knowingly made B/L which was false and incorrect in respect of material description of the goods with the view to use the same in the transaction of filing of IGM and clearance of goods for the purpose of Customs Act, 1962, and have thus rendered itself liable to penalty under Section 114AA of the Customs Act, 1962."

As is seen from the above, the penalty stands imposed upon the appellant on the ground that they have aided and abetted the importer in his nefarious design to import the goods by misdeclaration. However, I find that there is no evidence on record to show that the appellant was a party to such misdeclaration. They simplicitor filed IGM on the basis of bill of lading and on subsequently, after getting an communication from the importer, they applied for amendment of the same. In such a scenario, the allegation of the aiding and abetting cannot be upheld. Accordingly, the same is set aside and the appeal is allowed by setting aside the penalty imposed upon the appellant."

In the present case, the 1st leg B/L issued to the shipper in Sudan and later surrendered and thereafter the 2nd Leg B/L was issued which was relied upon by the Noticee No.2 in India for filing the IGM. Thus, the Noticee No.2 cannot be held guilty for mis-declaration with regard to the correctness of the content of the IGM filed by Noticee No.2 as required under section 30(2) of the Customs Act, 1962 and hence no penalty should be imposed upon the Noticee No.2 under Section 114AA of the Customs Act, 1962.

12.2.11 The Noticee would like to place our reliance on the Singapore High Court ruling in the case of BNP Paribas v Bandung Shipping Pte Ltd.,

2003 wherein the switch 12 Bills of Lading were issued altering the port of loading for consignment loaded from Batam, Indonesia and to be discharged at Kandla port, India. The details mentioned under the Facts paragraph no.2 are as under : *12 bills of lading were switched bills issued by Bandung in exchange for the original set, pursuant to an arrangement provided for in the voyage charterparty. The switched bills were issued for the same cargo as the original set, with some alteration in the details like date and load port.*

The above evidence the fact that the issuance of switch Bills of Lading is a general practice in the maritime industry and in the Switch Bills of Lading, the date, port of loading and the port of discharge can be altered as per the requirement of the suppliers. Hereto annexed and marked as **Annexure - "D"** is the judgement copy of the Singapore High Court ruling in the case of BNP Paribas v Bandung Shipping Pte Ltd., 2003.

12.2.12 The Noticee are relying upon the case of Wollongong Coal Limited vs. PCL (Shipping) Pte Ltd.,(2020) decided by the **New South Wales, Supreme Court.**

- a. In this case, the Plaintiff Wollongong Coal Ltd (WCL) is an Australian coal mining company and at that relevant time, it was a subsidiary of **Gujarat NRE Coke Limited ("Gujarat India")**, an Indian metallurgical coke producing company.
- b. The defendant PCL (Shipping) Pte. Ltd. is a Singaporean Shipping Company who sub- chartered the vessel Illawar Fortune.
- c. WCL sold coal to its parent company Gujarat India.
- d. Gujarat India contracted with PCL to carry the cargo from Port Kembla, Australia to Mundra port, India.
- e. Gujarat India as voyage charterer was liable to pay the ocean freight to PCL (Shipping) Pte. Ltd.
- f. The cargo was shipped in August 2013 and Charterparty Bills of Lading (**Original Bills**) were signed by Shipowners, naming WCL as the Shipper. Therefore WCL was a party to the bill of lading contract with the Owners. PCL issued a freight invoice to Gujarat India for approximately US\$3.2 million under the Voyage Charter.
- g. On 24 September 2013, WCL asked for the Original Bills to be "switched" and Switch Bills to be issued, naming New Alloys Trading Pte Ltd (New Alloys) as Shipper in place of WCL.
- h. PCL agreed to facilitate the switch. On 2 October 2013, when a representative from New Alloys delivered the Original Bills to PCL's office, PCL marked each of the Original Bills 'Null and Void' on the Shipowner's instructions and sent these marked bills to the Shipowner.
- i. On 3 October 2013, PCL sought a letter of indemnity (**LOI**) from Gujarat India that indemnified PCL against any loss arising from the issue of the Switch Bills and on 4 October 2013 Gujarat India provided the requested LOI.

- j. On 4 October 2013, PCL provided a corresponding LOI to Owners who then released the new Switch Bills to New Alloys.
- k. As the above events unfolded, Sub-charterer Gujarat India failed to pay USD 3.2 Million freight to Disponent Owners PCL, time charterers of the Vessel Illawarra Fortune. After taking assignment of Owner's rights under the Bills of Lading, PCL tried to recover those sums from Shippers WCL. The Bills of Lading provided for "Freight payable as per Charter Party", i.e. the voyage charterer. However, following WCL's failure to pay part of freight costs, the Bills of Lading were marked "Null and Void" and substituted by switch bills identifying New Alloys as shippers. The effect of "Switching Bills of Lading" is that the original Bills of Lading contract is replaced by a new contract evidenced by the "switch bills of lading."
- l. The Court held that because of the novation WCL's liability under the Switch Bills of Lading was extinguished therefore neither the Owners nor PCL as their assignee could recover the freight and costs related to the voyage, given the prevalence of this practice in commercial shipping.
- m. The above judgement explicitly mentions the legitimacy of issuance of Switch Bills of Lading which is a common practice in the Shipping Industry and the same practice has also been adopted by Gujarat India to import coal from Australia to India which has been approved by the New South Wales Supreme Court to grant relief to Gujarat India and their subsidiary company WCL.

Based on the above judgement, the Noticee No.2 has not committed any wrong by filing the IGM basis the Switch Bill of Lading as per the standard maritime practice. Therefore, any mis-declaration by the exporter / importer to customs department cannot be attributed to any fault and / or act and / or omission and / or willful suppression by Noticee No.2. Hereto annexed and marked as **Annexure - "E"** is the judgement copy of the New South Wales Supreme Court.

12.2.13 That further, Section 230 of the Indian Contract act, 1872 reads as below :

"230...Agent cannot personally enforce, nor be bound by contract on behalf of principal-

In the absence of any contract to that effect an agent cannot personally enforce contract entered into by him on behalf of his principal, nor is he personally bound by them."

That, if the principal personally initiates and concludes the contract with any party, acting in their own capacity without any representative, there is an assumption that the contract is made on behalf of someone else and no agent is involved. The Noticee No. 2 did not even negotiate the contract with the exporter/importer. The contract for shipment was entered into between Noticee No.2 principal sub-agent and

the exporter as per the Bills of Lading. The Noticee No. 2 is an agent of a disclosed principal in a Foreign Country and hence in the absence of any contract to the contrary, the Noticee No.2 cannot be held liable on behalf of their principal sub-agent.

12.2.14 The Noticee would like to place our reliance on the Chennai CESTAT ruling in the case of M/s Chakiat Agencies vs Commissioner of Customs (Exports) 2023 TAXSCAN (CESTAT) 175 wherein the court observed as below:

“Be that as it may the appellant as a CHA cannot be expected to examine and ensure the nature of the goods in the consignment. There is no allegation or evidence to establish that the appellant had indulged in any overt act or played any role in any manner so as to assist the exporter in his attempt to export the goods. After appreciating the evidence and following the decision of the Tribunal in the above case, we are of the view that the penalty imposed on the appellants under section 114 of the Customs Act is not warranted.

In the current case as well, the Noticee No.2 being a Liner agent, is not expected to verify the details submitted to the Customs by the importer at the time of filing of the Bill of Entries. Thus, they have not played any role in the incorrect importation of the goods in the discussion.

b. That the **Principal bench of Delhi CESTAT in the case of PURUSHOTTAM KUMAR JAIN vs COMMISSIONER OF CUSTOMS (PREVENTIVE) JODHPUR 2022 TAXSCAN (CESTAT) 567** has observed that the agent deliberately and intentionally has not provided any such information which was false or incorrect. As such, the penalty under section 114AA of the Customs Act, 1962 is not imposable on the agent.

c. That the **Ludhiana CESTAT in the case of M/s M S Exim Services Vs Commissioner of Customs, Ludhiana 2021 (CESTAT) 14** has observed that the appellant had no mens rea and filed the documents being a bonafide facilitator and in view of the same no penalty was imposable upon the appellant Customs broker, therefore, the penalty imposed on the appellant under Section 112 along with 114AA of the Customs Act, 1962, was set aside.

Therefore, in the instant case, the Noticee No.2 being a Liner agent is not responsible for the wrong declaration given by the importer to the customs at the time of filing the Bill of Entries.

12.2.15 (i) In the case of **V. Lakshmipathy vs. Commissioner of Customs -2003(153) E.L.T. 640T** (Tri-Delhi) in respect of invocation of penalty under Section 112 had held the existence of mens rea as an essential ingredient to invoke the same. This presupposition is non-existing in the present matter as show cause notice leads no evidence to indicate a guilty mind on part of the appellant.

(ii). In the case of **Mohd. Ilyas vs. Commissioner- 2018 (362) ELT A 218 SC the Honourable Apex Court** had held the penalty under Section 114AA, as not leviabale (among other reasons) for no discussion being made as to the type of false /incorrect material. Similar is however the position in the present case.

(iii). Moreover, in the case of **Parag Domestic Appliances vs.**

Commissioner of Customs, Cochin 2018(360) ELT 547 (Tri-Bang), it was held that for subjecting one to penalty under Section 114AA, the existence of knowledge or intention on the part of such person while carrying out any or all of the necessary actions stated therein is a must. Without demonstrating such an existence of knowledge no such penalty is leviable. Also, it is necessary to discuss the nature of false and incorrect material made use of as held in a slew of cases.

(iv). In the case of **Codognotto Logistics India Pvt. Ltd. vs. Commissioner of Customs (2022) (SB) (Tri-Delhi)**, had held that in the absence of mens rea and no deliberate connivance in evading customs duty, penalty under Section 112 and Section 114AA is not leviable upon the appellants and the appeal was allowed.

(v). In the case of **Jeena and Company Versus Commissioner Of Customs, Bangalore [2021 (378) E.L.T. 528 (Tri. - /Bang.)]** Penalty on Customs House Agent (CHA) - No evidence to show that Agent had knowledge of wrongdoing of importer and colluded with importer to defraud Revenue - Not appropriate to punish CHA for filing document in good faith and on basis of documents supplied by importer - Penalty imposed set aside □ Section 112 of Customs Act, 1962. 12006 (200) E.L.T. 12 (Tribunal) relied on]. [paras 6, 7].

(vi). In the case of **Indian Acrylics Ltd. Versus Commissioner Of Customs, Kandla [2015 (325) E.L.T. 753 (Tri. - Ahmd.)]** Penalty on CHA - Penalty not imposable when CHA not involved in any manner in respect of manipulation of export documents No material on record showing appellant abetted the exporter for their gain - Penalty under Section 112(a) of Customs Act, 1962 not imposable. [para 14]

12.2.16 It is a settled position in law that penalty is not imposable where the Noticee has not acted contumaciously or in deliberate defiance of law. In support of this contention, reliance is placed on the law declared by the **Hon'ble Supreme Court in the case of Hindustan Steel Ltd 1978 (2) ELT J159 (SC)** wherein it was held that penalty shall not be imposed unless the conduct of a defaulter is found to be dishonest or contumacious. Reliance in this regard is also placed on the following binding judicial pronouncements which echo the settled principle that a penalty is not imposable where there is no dishonest conduct:

- i. In the case of **Akbar Badruddin Jiwani vs Collector of Customs, 1990 (047) ELT 0161 (S.C.)**, where the **Hon'ble Supreme Court** has held that –

“57. Before we conclude it is relevant to mention in this connection that even if it is taken for arguments sake that the imported article is marble falling within Entry 62 of Appendix 2, the burden lies on the Customs Department to show that the Appellant has acted dishonestly or contumaciously or with the deliberate or distinct object of breaching the law.

58. In the present case, the Tribunal has itself specifically stated that the Appellant has acted on the basis of bona fide behalf that the goods were importable under OGL and that, therefore, the Appellant deserves lenient treatment. It is, therefore, to be considered whether in the light of this specific finding of the Customs, Excise & Gold (Control) Appellate

Tribunal, the penalty and fine in lieu of confiscation require to be set aside and quashed. Moreover, the quantum of penalty and fine in lieu of confiscation are extremely harsh, excessive and unreasonable bearing in mind the bona fides of the Appellant, as specifically found by the Appellate Tribunal.”

12.2.17 That, the law which has been laid by various authorities for purposes of levying penalty is that the penalty under section 114AA can be levied only when mens-rea is established and when it is established that a person knowingly makes the false declaration or signs any such document. Before levying penalty 114AA Revenue has to establish mala fides which is of quintessence. In the instant case no malafide has been attributed to Noticee No.2. That penalty cannot be levied unless it is established that Noticee No.2 knew or had reason to believe that the goods were liable for confiscation under Section 111 of the Customs Act, 1962, and without establishing that Noticee No.2 has any mala fide motive or any motive to make abnormal gain. There is no evidence against Noticee No.2 to establish any overt act or *mens rea* to facilitate the commission of the said offence. The allegation that the Noticee No.2 has facilitated the attempt to enable the importer to import restricted goods in the subject transaction is without any factual and legal basis and therefore penalties under section 112(b) and section 114AA of the Customs Act, 1962 are not sustainable on Noticee No.2.

In view of the above judgement and facts of the case, there is no case of acting knowingly or intentionally on the part of the Noticee No.2 and hence, the penalties imposed upon the Noticee No.2 under section 112(b) and 114AA of the Customs Act, 1962, does not sustain in the eyes of law and accordingly the impugned show cause notice should be set aside.

12.2.18 The Noticee prayed that the Hon'ble Additional Commissioner of Customs, Mundra may be pleased to set aside the Show Cause Notice issued against M/s. Paramount Sealinks Pvt. Ltd.

RECORD OF PERSONAL HEARING

13.1.1 Shri P.D. Rachchh, Advocate, authorized representative of M/s. Siddhachal Agro Industries and Shri Prashant Thakker (Popat), authorized signatory of M/s. Multigreen international appeared for personal hearing on 30.04.2025 through virtual mode. He submitted that M/s. Siddhachal Agro have applied for provisional release of seized goods as provided under Section 110A of the Customs Act, 1962. They are ready to furnish Bond supported by Security. He requested to release the seized goods as per the provisions of Section 110A *ibid* read with the settled position of law amongst other referred and relied upon by M/s. Siddhachal Agro Industries, Mahesana in its letter dated 17.03.2025 i.e. SIDHARTH VIJAY SHAH Versus UNION OF INDIA - 2021 (375) E.L.T. 53 (Bom.) and ADDITIONAL DIRECTOR GENERAL (ADJUDICATION) Versus ITS MY NAME PVT. LTD. - 2021 (375) E.L.T.545 (Del.). He further submitted that reply to Show Cause Notice will be submitted at the earliest. He requested

to first decide on applications for provisional release of seized goods. It was also submitted that after decision on the requests for provisional release of seized goods in this case and submissions of reply to the SCNs, they wish to be heard in person in the matter as no submission on merit was made. Nothing more to add.

13.1.2 Shri P. D Rachchh, Advocate, appeared for personal hearing on 02.06.2025 in virtual mode on behalf of M/s. Siddhachal Agro Industries and Shri Prashant Popat. He submitted that M/s. Siddhachal Agro Industries and Shri Paresh Popat have filed their reply to the SCN or will submit reply at an early date. Since, issue involved in all four SCNs are similar, submissions are common for, it was reiterated for all. He submitted that all the four importers have applied for provisional release of the seized goods viz. watermelon seeds as provided under Section 110A of the Customs Act, 1962 as same are not prohibited goods but restricted goods as per the impugned SCNs. They are ready to furnish Bond supported by Security. He requested to release the seized goods as per the provisions of Section 110A ibid read with settled position of law stated in application for provisional release made by all four importers as well as submission made at the time of hearing held on 30.04.2025.

Further, Sh. Rachchh stated that as per Notification No. 5/2023 dated 05.04.2024 policy the goods are 'restricted' if imported with Ship on Board Bill of Lading dated 30.06.2024. In case of all the four importers as per Bills of Lading submitted with the check list for the bills of entry and even for IGM where Bills of Entry are not filed are of the date prior to 30.04.2024, so goods are not liable to confiscation under any of the clause not to speak of Section 111(d), Section 111(1), Section 111(m) and Section 111(0) of the Customs Act, 1962. Therefore, no penalty is imposable upon any one under Section 112(a), Section 112(b) and Section 114AA of the Customs Act, 1962. It was alternatively and without admitting anything further submitted that since goods are not prohibited but restricted as per the impugned SCN and according to your goods office same are liable to confiscation even in that case goods cannot be absolutely confiscated but confiscation if any have to be with an option to pay fine in lieu of confiscation that too with leniency as statements of proprietor/partners/director, Shri Prashant Popat and others are exculpatory. Even penalty cannot be more than Rs. 5,000/- as per Section 112 of the Customs Act, 1962. Alternatively, it was requested that goods may be allowed to re-export without imposing any fine and penalty or with fine and penalty with leniency.

13.2 Advocate Ms. Deepti Upadhyay and Advocate Mr. Santosh Upadhyay appeared for personal hearing on 02.06.2025 in virtual mode on behalf of M/s. Paramount Sealinks Pvt. Ltd and re-iterated their submission dated 21.04.2025. They have stated that, as delivery agents, their role is strictly limited to filing the Import General Manifest (IGM), collecting documents from the importer or their representative, and issuing the delivery order. Paramount Sealinks' scope is confined to verifying the details submitted by the importer when filing the Bill of Entry with customs. As agents of the shipping company, their responsibilities are restricted, and therefore, they cannot be held liable for any penalties.

Paramount principal's sub-agent has provided their services to the exporters in Sudan and that Paramount does not have any role in the mis-declaration of the Shipped on Board dates in the Bill of Lading by the importer i.e. Noticee No. 1.

They relied on certain case laws pertaining to Switch bills of lading ruling by Singapore High Court and New south Wales Supreme Court, Australia which explicitly mentions that switch Bills of Lading are to be considered as legal document. Further they relied on section 230 of the Indian Contract Act which states that an agent cannot personally enforce, nor be bound by contract on behalf of the principal or principal's sub-agent. They are the shipping company agent in India and their scope is very limited and as such they can't be held liable for any penalties.

They relied on the observations of the Twenty Seventh Report of the Standing Committee on Finance (2005 - 06) in relation to the Taxation Laws (Amendment) Bill, 2005 pertaining to penalty imposed under section 114 of The Customs Act, 1962. They relied on various judicial precedents along with the detailed observations of the Twenty Seventh Report of the Standing Committee on Finance (2005-06) in relation to the Taxation Laws (Amendment) Bill, 2005 pertaining imposed under section 114 of the Customs Act, 1962. Further, they requested to drop the proceedings against Paramount Sealinks Pvt. Ltd considering the prayers outlined in their written submissions.

13.3 Personal Hearing in the subject matter was granted to Shri Bharat Himmatlal Parmar, Branch manager of M/s. Paramount Sealink Pvt Ltd for dated 11.04.2025, 30.04.2025, 02.06.2025 and 09.09.2025; however Shri Bharat Himmatlal Parmar neither appeared for personal hearing nor submitted any documents/submission in the subject matter in reference of the Show Cause Notice dated 21.02.2025.

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DISCUSSION AND FINDINGS

14. I have carefully gone through the facts of the case, SCN, records of the case, written submission of the noticees. The principles of natural justice have been complied with by granting adequate opportunities to the noticee to present their defence. Now, I proceed to examine the issues involved in the present case in light of available records, statutory provisions and judicial precedents. On careful perusal of the Show Cause Notice and case records, I find that the following issues arise for determination in this adjudication:

(i) Whether the imported goods i.e. "Water Melon Seed" are liable for confiscation under section 111(d), 111(m) and 111(o) of the customs Act, 1962 or otherwise;

(ii) Whether the noticees are liable for penalty as proposed under the SCN or otherwise.

15. After having identified and framed the main issues to be decided, I now proceed to deal with each of the issues individually for analysis in light of facts, submissions, and circumstances of the case, provisions of the Customs Act, 1962 and nuances of various judicial pronouncements.

16.1 I find that M/s. Siddhachal Agro Industries (Importer) imported Watermelon seed in six containers under Bill of entry No. 5533751 dated 10.09.2024. Based on intelligence gathered by DRI, Gandhidham that importer is indulged into illegal import of Watermelon Seeds (Melon Seeds) by way of violation of Notification No. 05/2023 dated 5th April, 2024 issued by Directorate General of Foreign Trade, hold the subject consignment. The proceedings of the examination were recorded under panchnama dated 15.10.2024 drawn at M/s. Transworld Terminals Pvt. Ltd. (Transworld CFS), Mundra.

16.2 I noticed that during the course of investigation, a search was conducted at the officer premise of M/s. Paramount Sealinks Pvt. Ltd under panchnama dated 12.09.2024. During the search, cargo manifest and two different types of bills of lading for same consignments were retrieved. The details are as under:-

Table-A

Bill of lading No.	OSLPZUMUN2992824	OSLSBL-957/24
Vessel Name	AL AHMED	SUNSET X
Voyage No.	24713	2423
B/L issue date	27.06.2024	27.06.2024
Ship on board Date	30.06.2024	25.06.2024
Total no. of containers	6	6
B/L Issued by	Eastern Shipping Company	Gulf Gate Shipping Company limited

Upon perusal of Bill of lading no. OSLPZUMUN2992824, it is found that the subject consignment shipped through vessel i.e. AL AHMED (Voyage no. 24713) from Port Sudan on 30.06.2024 whereas Bill of lading no. OSLSBL-957/24, indicates that the subject consignment was shipped through vessel i.e. SUNSET X (Voyage no. 2423) from Port Sudan on 25.06.2024.

Further, on perusal of cargo manifest of BL No. OSLSBL-957/24, it is observed that vessel SUNSET X (voyage no. 2423) of the said consignment sailed on 14.07.2024. Screen-shot of cargo manifest is as under:-

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BL #: OSLSBL:957/24
 BL Date: 01-Jul-2024 Agent: EASTERN SHIPPING COMPANY
 Vessel: SUNSETX Voyage: 2423 Port of Loading: PORTSUDAN
 Port of Discharge: MUNDRA Port of Delivery: MUNDRA
 Sailing on: 14-Jul-2024 Free Time at Origin: 10 Free time at Destination: 14
 Commodity: GENERAL CARGO Term: Collect

Name & Address Details S-Shipper,C-Consignee,N Notify	Cargo Description	Destination Charges
S : ATMOSPHERE FOR IMPORT & EXPORT KHARTOUM SUDAN ON BEHALF OF WATEEN GENERAL TRADING LLC DUBAI UAE ON BEHALF OF GREEN BURG F.Z.E. UAE & KOKAI INDO FOODSTUFF TRADING LLC, DUBAI, UAE. SIDDHACHAL AGRO INDUSTRIES	MELON SEEDS (WATERMELON SEEDS) FOR CONSUMPTION PURPOSE PACKED IN NEW STRONG PP BAGS OF 40KGS EACH, 14 DAYS FREE TIME AT POD	
N : SIDDHACHAL AGRO INDUSTRIES OLD SURVEY NO: 905, NEW SURVEY NO: 499, SUNAK, GUJARAT, MAHESANA, 384170 IEC CODE: ADXFS9016L, PAN: ADXFS9016L GSTIN: 24ADXFS9016L1ZA FSSAI: 10722999000943 EMAIL ID: LAXMITRADERSUNJHA@GMAIL.COM		

Container No.	Size/Category	Packages	Seal #	Net Wt (KG)	Gross Wt (KG)	QMS	Temp Unit
CLHU3881700	20' Heavy Duty	435	1788214	17,400.00	17,444.00	0.00	0.00
TCKU3362344	20' Heavy Duty	435	1788213	17,400.00	17,444.00	0.00	0.00
DFBU2806004	20' Heavy Duty	435	1788215	17,400.00	17,444.00	0.00	0.00
GLDU3458228	20' Heavy Duty	435	1788211	17,400.00	17,444.00	0.00	0.00
TEMU6437452	20' Heavy Duty	435	1788212	17,400.00	17,444.00	0.00	0.00
UNDU3551962	20' Heavy Duty	430	1788216	17,200.00	17,243.00	0.00	0.00
Total		2,806.00		104,200.00	104,463.00	0.00	

Cargo manifest

(The "Cargo Manifest" means an integrated declaration required to be delivered by an authorised carrier before or on arrival of, (i) the vessel carrying imported goods, export goods, or coastal goods or (ii) a train or a truck carrying imported goods or export goods. A Cargo Manifest (Import General Manifest / Export General Manifest) is a statutory and legal document mandated under the Section 30(IGM) and Section 41(EGM) of The Customs Act, 1962. As per ibid Act, it mandates that cargo manifest must be submitted to the proper officer before the vessels arrives or within a specified timeframe. This document must be submitted electronically and must contain a complete and truthful account of all goods being imported).

In view of the above observations, it is established that the Bills of Lading (BL) were manipulated/forged by falsely indicating a 'Shipped On Board' date prior to June 30, 2024 in order to facilitate the clearance of 'Restricted' goods. This action contravenes the provisions of notification no. 05/2023 dated 05.04.2024 issued by DGFT stipulates that if 'watermelons

seeds' have been loaded or shipped on board before 30th June 2024 then only it will be under 'Free' category.

16.3.1 The e-mail conversation recovered during search conducted at the office Premise of M/s. Paramount Sealink Pvt. Ltd. under Panchnama dated 12.09.2024 indicated that various communications were made between officials of M/s Eastern Shipping Co. Ltd. and M/s. Paramount Sealink Pvt. Ltd. (Delivery Agent working in India on behalf of M/s Oceanic Star Line) to manipulate the Bill of Lading for clearance of subject goods covered under BL No. OSLPZUMUN3012924/OSLSBL-990/24, IGM 2387542 dated 08.09.2024.

16.3.2 Upon careful examination of email correspondence specifically the messages sent by Mr. Tagwa Badri (Marketing executive, Eastern Shipping Co. Ltd. Sudan) to M/s. Paramount Shipping Pvt. Ltd. The relevant emails are as follows:-

- 14.07.2024: Dear Paramount (Mundra Team) Please find attached of Cargo Manifest, TDR and 6 DBL No. (Wherein B/L pertains to Siddhachal Agro Industries was also one of them as "OSLPZUMUN2992824 (6X20)".
- 21.07.2024: Dear Mohit/Paramount Mundra Team Please find final 6 switch BL and Cargo manifest : Switch BL No: OSLSBL-957/24

On perusing the vessel name, voyage no. and shipped on board date in the BL No. OSLPZUMUN2992824 and the Switch BL OSLSBL-957/24 received from Tagwa Badri through mails (tagwa@easternship.com) dated 14.07.2024 and 21.07.2024 respectively and on comparing the said details with Table A, the above said details found mismatched.

Hence, it is established that details of Bill of lading submitted while filing of bill of entry, have been manipulated/forged to facilitate the clearance of restricted goods by falsely claiming eligibility period as stipulated in Notification No. 05/2023 dated 05.04.2024 issued by DGFT.

From the investigation carried out, it is evident that Shri Bharat Parmar, as a branch Manager, was kept fully informed of all communications, as Shri Tagwa Badri, the marketing executive at M/s Eastern Shipping Co. Ltd., Sudan, had sent him the forged documents attached with e-mails. This constitutes a serious breach of regulatory compliance and evidences deliberate intent to mislead customs authorities.

16.4 I find that Shri Prashant Dirubhai Popat, Partner of M/s. Multigreen International has given voluntary statement on 13.01.2025 to the DRI. During statement, bills of lading Nos. OSLPZUMUN2992824 and BL OSLSBL-957/24 both dated 27.06.2024; having different Ship on Board date 30.06.2024 and 25.06.2024 respectively, were presented before him. After analyzing the same he admitted in their statements that shipped on board date have been manipulated in BL in order to satisfy the conditions prescribed under Notification No. 05/2023 dated 05.04.2024 issued by

DGFT.

16.5 I consider statements of noticees as material evidence in this case. It is relevant here to refer to some landmark judicial pronouncements on the issue of acceptability and evidentiary value of statements recorded under provisions of section 108 of the Act.

i. The Hon'ble Supreme Court in the case of **Romesh Chandra Mehta**^[1] and in the case of **Percy Rustomji Basta**^[2] has held "*that the provisions of Section 108 are judicial provisions within which a statement has been read, correctly recorded and has been made without force or coercion. The provisions of Section 108 also enjoin that the statement has to be recorded by a Gazetted Officer of Customs and this has been done in the present case. The statement is thus made before a responsible officer and it has to be accepted as a piece of valid evidence*".

ii. The Hon'ble Supreme Court in the case of **Badaku Jyoti Svant**^[3] has decided that "*statement to a customs officer is not hit by section 25 of Indian Evidence Act, 1872 and would be admissible in evidence and in conviction based on it is correct*".

iii. Hon'ble Punjab and Haryana High Court in the case of **Jagjit Singh**^[4] has decided that "*It is settled law that Customs Officers were not police officers and the statements recorded under Section 108 of the Customs Act were not hit by Section 25 of the Evidence Act. The statements under Section 108 of the Customs Act were admissible in evidence as has been held by the Hon'ble Supreme Court in the matter of Ram Singh*^[5], in which it is held that recovery of opium was from accused by officers of Narcotic Bureau. Accused made confession before said officers. Officers of Central Bureau of Narcotics were not police officers within the meaning of Section 25 and 26 of the Evidence Act and hence, confessions made before them were admissible in evidence".

16.6 In view of the foregoing discussion, I find that the statements recorded by DRI under the provisions of Section 108 of the Act form reliable evidence in the case supporting the charge of mis-declaration of import documents and submission of forged/manipulated Bills of lading.

16.7 As per my findings in Para 16.2, 16.3 and 16.4 above, the impugned goods did not fulfill the condition outlined as per the provisions of notification no. 05/2023 dated 05.04.2024 issued by DGFT stipulates that if 'watermelons seeds' have been loaded or shipped on board before 30th June 2024 then only it will be under 'Free' category. However, evidence suggests that the importer intentionally submitted manipulated/forged Bills of Lading in a deliberate attempt to facilitate the customs clearance of restricted goods unlawfully.

16.8 I also find that it is a fact that consequent upon amendment to the Section 17 of the Customs Act, 1962 vide Finance Act, 2011; 'Self-Assessment' has been introduced in Customs. Section 17 of the Customs Act, effective from 08.04.2011, provides for self-assessment of duty on imported goods by the importer himself by filing a Bill of Entry, in the

electronic form. Provisions of the Section 46 of the Customs Act, 1962 makes it mandatory for the importer to make proper & correct entry for the imported goods by presenting a Bill of Entry electronically to the proper officer. As per Regulation 4 of the Bill of Entry (Electronic Declaration) Regulation, 2011 (issued under Section 157 read with Section 46 of the Customs Act, 1962) the Bill of Entry shall be deemed to have been filed and after self-assessment of duty completed when, after entry of the electronic declaration (which is defined as particulars relating to the imported goods that are entered in the Indian Customs Electronic Data Interchange System) in the Indian Customs Electronic Data Interchange System either through ICEGATE or by way of data entry through the service centre, a Bill of Entry number is generated by the Indian Customs Electronic Data Interchange System for the said declaration. Thus, under self-assessment, it is the importer who has to ensure that he declares the correct classification, applicable rate of duty, value, benefit of exemption notifications claimed, if any, in respect of the imported goods while presenting the Bill of Entry. Thus, with the introduction of self-assessment by amendments to Section 17, since 8th April, 2011, it is the added and enhanced responsibility of the importer to declare the correct description, value, quantity, notification, etc and to correctly classify, determine and pay the duty applicable in respect of the imported goods.

16.9 From the above, I find that the Noticee has violated Sub-Section (4) and 4(A) of Section 46 of the Customs Act as they have mis-declared and mis-classified the goods and evaded the payment of applicable duty. I find that the Noticee was required to comply with Section 46 which mandates that the importer filing the Bill of Entry must make true and correct declarations and ensure the following:

- (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.

16.10 I find that the Show Cause Notices propose confiscation of goods under the provisions of Section 111 (d), 111(m) and 111(o) of the Customs Act, 1962. Provisions of Sections are re-produced herein below:

111. Confiscation of improperly imported goods, etc.- goods are liable for confiscation:-

(d) any goods which are imported or attempted to be imported or are brought within the Indian customs waters for the purpose of being imported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;

(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 transshipment, with the declaration for transshipment referred to in the proviso to sub-section (1) of section 54]

(o) any goods exempted, subject to any condition, from duty or any prohibition in respect of the import thereof under this Act or any other law for the time being in force, in respect of which the condition is not observed unless the non-observance of the condition was sanctioned by the proper officer.

In the present case, the importer failed to comply with the condition of DGFT notification no. 05/2023-Cus dated 05.04.2024, which rendered the subject goods prohibited, hence, contravened the provisions of Section 46 of the Customs Act, 1962. I find that Bills of lading provided were forged /manipulated to meet the requirement of notification no. 05/2023-Cus dated 05.04.2024. This deliberate manipulation confirms malafide intention of noticees. These acts of omission and commission on the part of the importer rendered the goods liable for confiscation under the provisions of Section 111 (d), 111(m) and 111(o) of the Customs Act, 1962.

17 . I find that the Show Cause Notices propose penalty on noticees under the provisions of Section 112(a), 112(b) and 114AA of the Customs Act, 1962. Provisions of Sections are re-produced herein below:

“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) who acquires possession of or is in any way concerned in carrying, removing, depositing, harbouring, keeping, concealing, selling or purchasing, or in any other manner dealing with any goods which he knows or has reason to believe are liable to confiscation under section 111

(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty 5[not exceeding the value of the goods or five thousand rupees], whichever is the greater;

SECTION : 114AA. Penalty for use of false and incorrect material.-If a person knowingly or intentionally makes, signs or uses, or causes to be made, signed or used, any declaration, statement or document which is false or incorrect in any material particular, in the transaction of any business for the purposes of this Act, shall be liable to a penalty not exceeding five times the value of goods.]

Roles and culpability of persons/firms involved:

17.1 Role and culpability of M/s. Siddhachal Agro Industries:

M/s. Siddhachal Agro Industries was well aware of the Import policy and Notification. M/s. Siddhachal Agro Industries had imported watermelon seeds covered under Bill of Entry No. 5533751 dated 10.09.2024 in by way of violation of import policy mentioned in Notification No. 05/2023 dated 5th April, 2024 issued by Directorate General of Foreign Trade, Ministry of Commerce & Industry. The total quantity of the said goods covered under the subject Bill of entry is **104.2 MTs** having declared Assessable value of **Rs. 1,70,42,936/-** As per Notification No. 05/2023 dated 5th April, 2024 issued by Directorate General of Foreign Trade, Ministry of Commerce & Industry, the import of said goods with shipped on board dated after 30th June is under restricted category. The importer must comply with the conditions outlined in the said Notification. Further, the notification was issued for a definite period and it is the obligation of the firm utilizing that authorization to ensure that no condition of the Notification has been violated. The acts of commission and omission on the part of the importer rendered the subject goods liable to confiscation under Section 111(d), 111(m) and 111 (o) of the Customs Act, 1962 and therefore is liable to penalty under **Section 112 (a) and 112 (b)** of the Customs Act, 1962. I find that the evidences clearly indicating malafide intention on their part in respect of the imported goods warranting imposition of penalty under Section 112 (a) (i) as the fact of non-compliance of conditioned outlined in the Notification No. 05/2023-Cus dated 05.04.2024 issued by DGFT. Result is that proposal to impose penalty under Section 112 (a)(i) is correct and sustainable in law.

I find that imposition of penalty under Section 112(a) and 112(b) simultaneously tantamount to imposition of double penalty; therefore, I refrain from imposition of penalty on M/s. Siddhachal Agro Industries under Section 112(b) of the Customs Act, 1962.

I find that the SCN proposed imposition of penalty on the Importer under Section 114AA of the Customs Act, 1962. I find that in spite of well aware of import policy and conditioned outlined in the notification no. 05/2023-Cus dated 05.04.2024 issued by DGFT. As it is the obligation of the firm to ensure that proper and correct documents are maintained and as forged Bill of Lading was created which constitutes the violation, thus renders themselves liable to penalty under Sec 114AA of Customs Act, 1962. These acts of omission and commission on the part of the importer made the provisions of Section 114AA invokable. Therefore, I agree with the proposal of imposition of penalty on the importer under Section 114AA *ibid*.

17.2 Role of M/s Paramount Sea Links Pvt. Ltd. (Delivery agent of M/s Oceanic Star Line):

The facts and evidences gathered during the search, including Bill of Lading and email correspondences, provide clear and compelling proof that M/s Paramount Sealinks Pvt. Ltd., acting on behalf of M/s Ocean Star Line, engaged in deliberate collusion with representatives from M/s Ocean Star Line and Mr. Tagwa Badri, Marketing Executive of Eastern Shipping Co. Ltd., Sudan, to manipulate the dates on the Bill of Lading (B/L). This

deliberate manipulation was carried out to facilitate the clearance of restricted cargo in direct violation of established regulations, which govern the shipping and clearance of goods in India.

I observed that the manipulation of the B/L was done intentionally, altering the actual shipped-on-board dates and vessel details to mislead customs authorities and facilitate the release of cargo in direct violation of established regulations. These actions reflect a blatant disregard for regulatory compliance and intent to mislead the authorities. The deliberate acts and omissions by M/s Paramount Sealinks Pvt. Ltd. make them liable for penalties under Section 112(b) of the Customs Act, 1962. Furthermore, their involvement in the creation of forged Bills of Lading constitutes a violation that renders them liable to penalties under Section 114AA of the Customs Act, 1962. I find proposal to impose penalty under Section 112 (b) and 114AA is correct and sustainable in law.

17.3 Role of Shri Bharat Himmatlal Parmar, Branch Manager of M/s Paramount Sea Links Pvt. Ltd.:

I find that Shri Bharat Himmatlal Parmar, as the Branch Manager of M/s Paramount Sealinks Pvt. Ltd., a container line agent, was well-versed in the Import policy and Notifications. The facts and evidence gathered during the investigation, including the Bill of Lading and email correspondences, provide clear and compelling proof that M/s Paramount Sealinks Pvt. Ltd., acting on behalf of M/s Ocean Star Line, deliberately colluded with representatives from M/s Ocean Star Line and Mr. Tagva Badri, Marketing Executive of Eastern Shipping Co. Ltd., Sudan, to manipulate the dates on the Bill of Lading (B/L). This deliberate manipulation aimed to facilitate the clearance of restricted cargo, in direct violation of established regulations governing the shipping and clearance of goods in India. During the investigation, it is clear that Shri Bharat Parmar, as the branch manager, was kept fully informed of all communications, as Shri Tagva Badri, the Marketing Executive at Eastern Shipping Co. Ltd., sent him the forged documents via email. These actions demonstrate a blatant disregard for regulatory compliance and a clear intent to mislead the authorities. The deliberate acts and omissions by Shri Bharat Himmatlal Parmar, Branch Manager of M/s Paramount Sealinks Pvt. Ltd., make him liable for penalties under **Section 112(b)** of the Customs Act, 1962.

17.4 Role of Shri Prashant Dhirubhai Popat, Partner of M/s. Multigreen International:

I find that Shri Prashant Popat, partner of M/s. Multigreen International, a broker firm specializing in agricultural products, including watermelon seeds, facilitated transactions between Indian importers and foreign suppliers. In this case, his firm acted as an intermediary for M/s Siddhachal Agro Industries, negotiating procurement terms with suppliers in Sudan and Dubai. He coordinated critical aspects such as pricing, shipment logistics, and payment agreements. His role as a facilitator was essential for the completion of the import transactions. The DGFT

Notification No. 05/2023 permitted the import of watermelon seeds only if they were loaded onto a vessel on or before June 30, 2024. However, investigations revealed discrepancies in the shipping documentation of consignments brokered by Popat. Two Bills of Lading (BLs) were presented for the same consignment: BL No. OSLSBL95724 and BL No. OSLPZUMUN2992824. Both BLs claimed a shipped-on-board date of June 27, 2024. However, from the cargo manifest of BL No. OSLSBL-957/24, which was resumed during the search proceedings, it was noticed that the vessel sailing date of the vessel shipping the said consignment, "Sunset X", was found to be 14.07.2024. This indicated a potential manipulation of shipping documents to falsely demonstrate compliance with the DGFT regulation. Although Shri Popat acknowledged his involvement in the transaction, he denied any role in the creation or manipulation of the two BLs. He insisted that he had instructed the supplier to ship the goods before the June 30, 2024, deadline and claimed ignorance regarding the generation of two conflicting BLs. He maintained that he was unaware of any fraud or misrepresentation by the shippers. Despite his denial of direct involvement in document tampering, his role as the broker and primary coordinator made him responsible for ensuring compliance with all regulatory requirements. As an experienced broker familiar with import regulations, Popat was reasonably expected to verify the authenticity and accuracy of shipping documents, especially given the critical importance of the DGFT deadline. His failure to do so and his reliance solely on supplier assurances demonstrated a lack of due diligence. By facilitating a transaction that ultimately violated regulatory requirements, and provisions of Customs Act, 1962, Popat appeared to have played a significant contributory role in such illegal import of watermelon seeds by the said importer. The facts and evidence gathered during investigation, clearly establish that Shri Prashant Dhirubhai Popat, acting as broker, deliberately colluded with representatives of container line to manipulate the actual dates on the Bill of Lading. This manipulation was intended to facilitate the clearance of restricted cargo in direct violation of established regulations. It has also been established that Shri Prashant Dhirubhai Popat was in direct contact with container line and documents arranged forged dates from in a manner that would mislead customs and enable the clearance of restricted cargo. These actions reflect a blatant disregard for regulatory compliance and intent to mislead the authorities. The deliberate acts and omissions by Shri Prashant Dhirubhai Popat, Partner of M/s Multigreen International, Ahmedabad makes him liable for penalties under **Section 112(b)** of the Customs Act, 1962. Furthermore, his involvement in the creation of forged Bills of Lading a violation that renders him liable to penalties under **Section 114AA** of the Customs Act, 1962. I find proposal to impose penalty under Section 112 (b) and 114AA is correct and sustainable in law.

18. In view of the above facts of the case and findings on record, I pass the following order:-

ORDER

- i. I order to absolute confiscation of impugned goods i.e. **104.2 MTS**

- “Watermelon Seed”** imported vide Bill of Entry No. 5533751 dated 10.09.2024, having declared assessable value **Rs. 1,70,42,936/- (One Crore Seventy Lakh Forty-Two Thousand Nine Hundred and Thirty-Six only)** under Section 111(d), 111(m) & 111(o) of the Customs Act, 1962.
- ii. I impose penalty of **Rs. 8,50,000/- (Rupees Eight Lakh Fifty Thousand only)** on the importer M/s. Siddhachal Agro Industries under Section 112 (a) (i) of the Customs Act, 1962, for their act of omission and commission.
 - iii. I refrain from imposing penalty on the importer M/s. Siddhachal Agro Industries under Section 112(b) of the Customs Act, 1962.
 - iv. I impose penalty of **Rs. 2,00,000/- (Rupees Two Lakh only)** on the importer M/s. Siddhachal Agro Industries under Section 114AA of the Customs Act, 1962.
 - v. I impose penalty of **Rs. 2,00,000/- (Rupees Two Lakh only)** on M/s. Paramount Sealink Pvt. Ltd. under Section 112 (b)(i) of the Customs Act, 1962.
 - vi. I impose penalty of **Rs. 1,00,000/- (Rupees One Lakh only)** on the M/s. Paramount Sealink Pvt. Ltd. under Section 114AA of the Customs Act, 1962.
 - vii. I impose penalty of **Rs. 25,000/- (Rupees Twenty-Five Thousand only)** on Sh. Bharat Parmar, Branch Manager of M/s. Paramount Sealink Pvt. Ltd. Under section 112(b)(i) of the Customs Act, 1962.
 - viii. I impose penalty of **Rs. 50,000/- (Rupees Fifty Thousand only)** on Shri Prashant Thakker (Poapat), Authorised signatory of M/s. Multigreen International under Section 112 (b)(i) of the Customs Act, 1962.
 - ix. I impose penalty of **Rs. 25,000/- (Rupees Twenty-Five Thousand only)** on Shri Prashant Dhirubhai (Poapat), Partner of M/s. Multigreen International under Section 114AA of the Customs Act, 1962.

22. This order is issued without prejudice to any other action which may be contemplated against the importer or any other person under provisions of the Customs Act, 1962 and rules/regulations framed thereunder or any other law for the time being in force in the Republic of India.

23. The Show Cause Notice bearing no. GEN/ADJ/ADC/507/2025-Adjn dated 21.02.2025 stands disposed in above terms.

Digitally signed by
Dipakbhai Zala
Date: ~~07/02/2026~~ 2026
13:01:41
Additional
Commissioner,
Custom House, Mundra.

F.No. GEN/ADJ/ADC/507/2025-Adjn-O/o Pr. Commr- Cus-Mundra

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By Speed Post/Regd. Post/E-mail/Hand Delivery**List of Noticees:**

1. M/s. Siddhachal Agro Industries, Old Survey No. 905, New Survey No. 449, Sunak, Unjha, Mahesana, Gujarat-384170.
(E-mail: siddhachalagrounjha@gmail.com)
2. M/s Paramount Sealink Pvt. Ltd. (Delivery Agent working in India on behalf of M/s Oceanic Star Line), Suite 20, 2nd Floor, Avishkar Complex, Ward-12/B, Plot No. 204, Gandhidham (Kutch) – 370201.
(E-mail: impdocs@paramountsealink.com)
3. Shri Bharat Himmatlal Parmar, Branch Manager of M/s Paramount Sealink Pvt. Ltd., Suite 20, 2nd Floor, Avishkar Complex, Ward-12/B, Plot No. 204, Gandhidham (Kutch) – 370201.
(E-mail: brmgr@paramountsealink.com)
4. Shri Prashant Dhirubhai Popat, Partner of M/s. Multigreen International, Fortune Business Hub, 919, 9th Floor, N/R Shell Petrol Pump, Science City Road, Thaltej, Ahmedabad, Gujarat 380060.
(E-mail: multigreeninternational@gmail.com)

Copy to:

1. The Additional Director, Directorate of Revenue Intelligence, Regional Unit, Gandhidham (Kutch).
2. The DC/AC, (RRA, TRC, EDI), Mundra Custom.

	<p>कार्यालय: प्रधान आयुक्त सीमाशुल्क, मुन्द्रा, सीमाशुल्क भवन, मुन्द्रा बंदरगाह, कच्छ, गुजरात- 370421 OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS: CUSTOM HOUSE, MUNDRA PORT, KUTCH, GUJARAT- 370421. PHONE : 02838-271426/271163 FAX :02838-271425 E-mail id- adj-mundra@gov.in</p>	
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DIN: 20260271MO00006606BB

Date: 10.02.2026

ADDENDUM TO ORDER IN ORIGINAL NO. MCH/ZDC/ADC/523/2025-26 dated 07.01.2026

Subject: Adjudication of Show Cause Notice no. GEN/ADJ/ADC/507/2025-Adjn-O/o Pr Commr-Cus Mundra dated 21.02.2025 issued to M/s. Siddhachal Agro Industries, (IEC: ADXFS9016L)-, in the matter of illegal import of Watermelon Seeds by way of violation of Notification No. 05/2023 dated 5th April, 2024 issued by Directorate General of Foreign Trade.

This is in reference to the Order-in-Original no. MCH/ZDC/ADC/523/2025-26 dated 07.01.2026 in the subject matter, wherein the impugned goods i.e. Watermelon Seeds imported by the noticee were ordered to be confiscated absolutely.

2. Being aggrieved by the above OIO dated 07.01.026, the noticee filed civil application (amendment) in their special civil application no. **17314 of 2025** in the High Court of Gujarat, Ahmedabad. The Hon'ble High Court, vide common oral order dated 29.01.2026 directed the respondent, i.e. the undersigned, to reconsider the matter in light of the judgement of the Hon'ble Punjab and Haryana High Court and pass appropriate orders and place the same on record by the next date of hearing. The relevant portion of the order dated 29.01.2026 is re-produced below for reference:

"4. While passing the order dated 17.12.2025, a statement was made before this Court that the auction of the goods, which was scheduled to be held tomorrow i.e. on 18.12.2025, is postponed and the same will be held on 15.01.2026. The matter was thereafter listed on 08.01.2026. In the order dated 08.01.2026, a statement of learned Senior Standing Counsel was recorded that auction will be conducted till 30.01.2026. Thus, during pendency of the writ petition, the respondents have proceeded further by passing order of confiscating the goods, which appears to be prohibited and not restricted.

5. Hence, we direct that till further orders are passed by this Court, no auction proceedings shall be held. We also further direct the respondent to reconsider the matter in light of the judgement of the Punjab and Haryana High Court and pass appropriate orders and place the same on record by the next date of hearing."

3. Further, I also note that the Hon'ble Punjab & Haryana High Court,

in the case of **Shree Balaji Industries [2024 (387) E.L.T. 294 (P&H.)]** vide order dated 06.06.2023, has directed to release the watermelon seeds. The relevant portion of that order is reproduced below for reference:

23. *In the present case, the Watermelon seeds are restricted goods but they cannot be treated as prohibited goods and in the absence of any permission/authorization for DGFT, provisional release can be done as per the judgment of the Hon'ble Supreme Court passed in Commissioner of Customs's case (supra). Moreover, during the pendency of this writ petition, report from Plant and Quarantine Department has come in favour of the petitioner as regards Watermelon Seeds and in the case of Red Kidney Beans, they have been ordered to be released provisionally subject to conditions as per order dated 23.02.2023 (Annexure P-1). The order with the same conditions can be passed in this case as well as the Watermelon Seeds do not fall under the "prohibited" category and they fall under the "restricted" category as per notifications dated 26.04.2021 and 21.06.2022. The provisional release can be ordered subject to final decision taken by the Adjudicating Authority under Section 105 of the Customs Act, 1962.*

24. *Keeping in view the above observations, writ petition is allowed and order dated 23.02.2023 (Annexure P-1) is set aside qua Watermelon Seeds with direction to the respondent to pass provisional release order of Watermelon Seeds as per conditions imposed in the case of "Red Kidney Beans" under order dated 23.02.2023, within a period of one week."*

4. Imposition of Redemption Fine: Considering the above facts and in compliance of order dated 29.01.2026 of the Hon'ble High Court Gujarat, Ahmedabad, an option is hereby extended to the importer to redeem the goods on payment of redemption fine under the provisions of Section 125(1) of the Customs Act, 1962. Section 125 of the Customs Act, 1962 is reproduced below:

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 1[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."

(2).....

(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.

4.1. Without prejudice, I note that in the case of M/s. Shree Balaji

Industries (supra), the adjudicating authority had imposed a redemption fine of approximately 20% of the value of the goods while passing Order No. LDH-CUS-JC-RT-14-2024-25 dated 10.05.2024, that case involved watermelon seeds smuggled under the false declaration of beans. The issue here is related to the violation of the DGFT Notification governing the import of watermelon seeds by producing a forged Bill of Lading but goods were declared correctly as Watermelon seed only. In view of these considerations, I am of the opinion that imposing a 20% redemption fine would be disproportionate in nature. Accordingly, I restrict the redemption fine to approximately 10% of the value of the impugned goods.

5. Thus, I pass the following order:-

ORDER

(i) I order to confiscate the impugned goods i.e. 104.2 MTS "Watermelon Seed" imported vide Bill of Entry no. 5533751 dated 10.09.2024 having value Rs. 1,70,42,936/- (One Crore Seventy Lakh Forty-Two Thousand Nine Hundred and Thirty Six only) under Section 111 (d), 111(m) & 111(o) of the Customs Act, 1962. However, in suppression of para 18(i) of the OIO dated 07.01.2026, which ordered for absolute confiscation, I give an option to the importer to redeem the confiscated goods on payment of redemption fine of Rs. 17,00,000/- (Rupees Seventeen Lakhs Only) under Section 125 (1) of Customs Act, 1962. Further, in terms of Section 125(3) of the Customs Act, 1962, the option for redemption of the subject goods shall be exercised within a period of one hundred and twenty days from the date of receipt of this order, failing which the said option shall become void, unless an appeal against this order is pending.

**Digitally signed by
Dipakbhai Zala
Date: 10-02-2026
17:04:41 Zala Dipakbhai
Chimanbhai**

ADDITIONAL COMMISSIONER

ADC/JC-III-O/o Pr Commissioner-customs-mundra

By Speed Post/Regd. Post/E-mail/Hand Delivery

List of Noticees

1. M/s. Siddhachal Agro Industries, Old Survey No. 905, New Survey No. 449, Sunak, Unjha, Mahesana, Gujarat-384170.
(E-mail: siddhachalagrounaha@gmail.com)
2. M/s Paramount Sealinks Pvt. Ltd., Office No. 14, 2nd Floor, Aviskar Building, Plot No. 204, Ward 12-B, Gandhidham-370201.
(email:specialequipments@paramountsealink.com and

brmgr@paramountsealink.com)

3. Shri Bharat Parmar, Branch Manager of M/s Paramount Sealinks Pvt. Ltd. situated at Office No. 14, 2nd Floor, Aviskar Building, Plot No. 204, Ward 12-B, Gandhidham-370201 (email-brmgr@paramountsealink.com)
4. Shri Prashant Thakker (Popat), Partner of M/s Multigreen International at Fortune Business Hub, 919, 9th Floor, N/R Shell Petrol Pump, Science City Road, Thaltej, Ahmedabad, Gujarat 380060. (email-multigreeninternational@gmail.com).

Copy to:

1. The Additional Director General, DRI, Ahmedabad
2. The Additional Director, Directorate of Revenue Intelligence, Regional Unit, Gandhidham (Kutch).
3. The Deputy Commissioner of Customs (RRA/TRC), Mundra Customs House.
4. The Dy./Asstt. Commissioner (EDI), Customs House, Mundra... *(with the direction to upload on the official website immediately).*
5. Guard File.