

OIO No:253/ADC/SRV/O&A/2024-25  
F. No. VIII/10-152/SVPIA-C/O&A/HQ/2024-25



## प्रधान आयुक्त का कार्यालय, सीमा शुल्क, अहमदाबाद

“सीमा शुल्क भवन”, पहली मंजिल, पुरानेहाईकोर्ट केसामने, नवरंगपुरा, अहमदाबाद – 380009.

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DIN No. 20250271MN0000000F5E

### **PREAMBLE**

A	फाइल संख्या/ File No.	:	VIII/10-152/SVPIA-C/O&A/HQ/2024-25
B	कारणबताओनोटिससंख्या-तारीख / Show Cause Notice No. and Date	:	VIII/10-152/SVPIA-C/O&A/HQ/2024-25 dated: 15.07.2024
C	मूलआदेशसंख्या/ Order-In-Original No.	:	<b>253/ADC/SRV/O&amp;A/2024-25</b>
D	आदेशतिथि/ Date of Order-In-Original	:	<b>07.02.2025</b>
E	जारीकरनेकीतारीख/ Date of Issue	:	<b>07.02.2025</b>
F	द्वारापारित/ Passed By	:	<b>Shree Ram Vishnoi,</b> Additional Commissioner, Customs, Ahmedabad.
G	आयातक का नाम और पता / Name and Address of Importer / Passenger	:	<b>Smt. Nuzhat Bano,</b> Ward No.16, Mulchand Marg, Atikarman Khari Kua, Neemuch, Pin-458441, Madhya Pradesh.
(1)	यह प्रति उन व्यक्तियों के उपयोग के लिए निःशुल्क प्रदान की जाती है जिन्हे यह जारी की गयी है।		
(2)	कोई भी व्यक्ति इस आदेश से स्वयं को असंतुष्ट पाता है तो वह इस आदेश के विरुद्ध अपील इस आदेश की प्राप्ति की तारीख के 60 दिनों के भीतर आयुक्त कार्यालय, सीमा शुल्क अपील)चौथी मंजिल, हुडको भवन, ईश्वर भुवन मार्ग, नवरंगपुरा, अहमदाबाद में कर सकता है।		
(3)	अपील के साथ केवल पांच (5.00) रुपये का न्यायालय शुल्क टिकिट लगा होना चाहिए और इसके साथ होना चाहिए:		
(i)	अपील की एक प्रति और;		

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(ii)	इस प्रति या इस आदेश की कोई प्रति के साथ केवल पांच (5.00) रुपये का न्यायालय शुल्क टिकिट लगा होना चाहिए।
(4)	इस आदेश के विरुद्ध अपील करने इच्छुक व्यक्ति को 7.5 % (अधिकतम 10 करोड़) शुल्क अदा करना होगा जहां शुल्क या डियूटी और जुर्माना विवाद में है या जुर्माना जहां इस तरह की दंड विवाद में है और अपील के साथ इस तरह के भुगतान का प्रमाण पेश करने में असफल रहने पर सीमा शुल्क अधिनियम, 1962 की धारा 129 के प्रावधानों का अनुपालन नहीं करने के लिए अपील को खारिज कर दिया जायेगा।

### **Brief facts of the case: -**

**Smt. Nuzhat Bano**, (D.O.B: 01.01.1986) (hereinafter referred to as the said “passenger/ Noticee”), residential address as per passport is Ward No.16, Mulchand Marg, Atikarman Khari Kua, Neemuch, Pin - 458441, Madhya Pradesh, India holding Indian Passport No. X7718532, arrived by Flight No. 6E92 of Indigo Airlines from Jeddah to Ahmedabad on 19.03.2024 (Seat No: 19B) at Sardar Vallabhbhai Patel International Airport (SVPIA), Terminal-2, Ahmedabad. On the basis of suspicious movement, the passenger was intercepted by the Air Intelligence Unit (AIU) officers, SVPIA, Customs, Ahmedabad while the passenger was attempting to exit through green channel without making any declaration to Customs, under Panchnama proceedings dated 19.03.2024 in presence of two independent witnesses for passenger’s personal search and examination of his baggage.

2. The AIU officers asked to Smt. Nuzhat Bano, if she has anything to declare, in reply to which she denied. The Lady AIU officer informed the passenger that she will be conducting her personal search and she and other accompanied officers will conduct detailed examination of the passenger. Here, the officers offered her personal search to the passenger, but the passenger denied saying that she is having full trust on the officers. Now, the AIU officer asked the passenger whether she wants to be checked in front of an Executive Magistrate or Lady Superintendent of Customs, in reply to which the passenger gave her consent to be searched in front of the Lady Superintendent of Customs. Now, the AIU officer asked to Smt. Nuzhat Bano to pass through the Door Frame Metal Detector (DFMD) Machine installed near the green channel in the Arrival Hall of Terminal 2 building,

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after removing all metallic objects from her body/ clothes. The passenger removed all the metallic objects such as Jewellery etc. and keeps in a plastic tray and passed through the DFMD. However, no beep sound was heard indicating there is nothing objectionable/ metallic substance on her body/ clothes. Thereafter, the AIU officers scanned all the baggage in the X-ray machine, while the baggage were scanned, some suspicious image is observed by the AIU officers. The AIU officers asked about the suspicious x-ray image but passenger denied and not given any satisfactory reply. Therefore, the officer of AIU removed one melamine plate and break the same to check. While break the plate, it was noticed that some layer of gold dust present inside the plate. Now, it is necessary to confirm whether there is gold or not, also have to clear doubt.

2.1 Thereafter, the AIU officer called the Government Approved Valuer and informed him that some melamine plates have been recovered from a passenger and noticed some gold dust inside the plate hence, he needs to come to the Airport for testing and Valuation of the said material. In reply, the Government Approved Valuer informs the AIU Officer that the testing of the said material is only possible at his workshop as gold has to be extracted from such melamine plate by melting it and also informs the address of his workshop. Thereafter, at around 03.30 PM on 19.03.2024 the Panchas along with the passenger and the Officers leave the Airport premises in a Government Vehicle and reach at the premises of the Government Approved Valuer located at 301, Golden Signature, Bh. Ratnam Complex, C.G. Road, Ahmedabad - 380 006. On reaching the above referred premises, the AIU officer introduced the Panchas as well as the passenger to one person named Shri Kartikey Vasantrai Soni, Government Approved Valuer. Here, after weighing the said melamine, Shri Kartikey Vasantrai Soni informed that the melamine plates recovered from Smt. Nuzhat Bano containing gold dust is weighing 3611.200 Grams The photograph of the same is as under :

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Now the AIU officer takes the photographs of the ash with gold dust of the black melamine plates after burning which are as under:



2.2 Thereafter, he leads us to the furnace, which is situated in the office of the Govt. Approved Valuer. Here, Shri Kartikey Vasantrai Soni started the process of converting the ash with gold dust of the melamine plate recovered from Smt. Nuzhat Bano, into solid gold. The ash with gold dust is obtained which is put into the furnace separately and upon heating the said

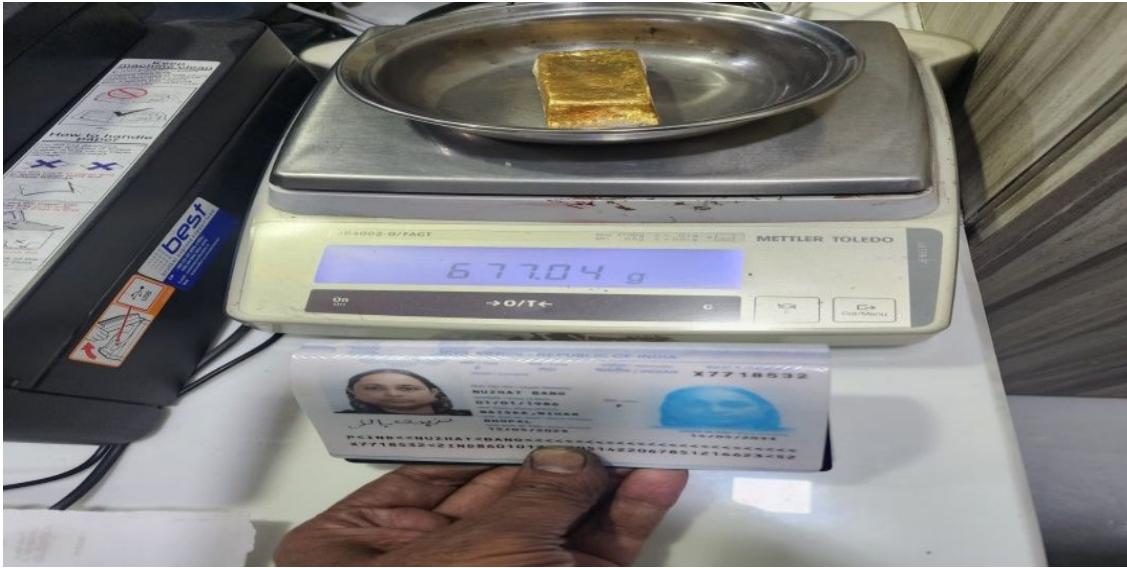
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substance, it turns into liquid material. The said substance in liquid state is taken out of furnace, and poured into a mould and after cooling for some time, it becomes golden coloured solid metal in form of a bar. After completion of the procedure, Government Approved Valuer now takes the weight of the said golden coloured bar which is derived from Smt. Nuzhat Bano 677.040 grams derived from 684.10 grams of ash with dust of melamine plates. In presence of Panchas, the passenger and the AIU Officers the weight of gold bar which comes to **677.040 grams** (Nuzhat Bano). Shri Soni Kartikey Vasantrai vide certificate no. 1570/2023-24 dated 19.03.2024 certifies that the extracted gold bar is having purity 999.0/24kt, market value of **Rs.45,69,343/-** (Rupees Forty-Five Lakhs Sixty-Nine Thousand Three Hundred Forty-Three only) and having tariff value of **Rs.39,46,466/-** (Thirty-Nine lakhs Forty-Six thousand Four hundred Sixty-Six only) The value of the gold bar has been calculated as per the Notification No. 22/2024-Customs (N.T.) DTD. 15-03-2024 (Gold) and Notification No. 18/2024-Customs (N.T.) dtd. 07-03-2024 (exchange Rate). The details of items recovered from the passenger are as under:

S. No.	Details of items	Net weight in grams	Purity	Market value (Rs.)	Tariff value (Rs.)
1.	1 Gold Bar	677.040	999.0/24 Kt.	45,69,343 /-	39,46,466/-

The photograph of the extracted gold bar is as follows:

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2.3 The method of purifying, testing and valuation used by Shri Kartikey Vasantrai Soni was done in presence of the independent Panchas, the passenger and the officers. All were satisfied and agreed with the testing and Valuation Certificate No: 1570/2023-24 dated 19.03.2024 given by Shri Kartikey Vasantrai Soni and in token of the same, the Panchas and the passenger put their dated signature on the said valuation certificates.

**3.** The following documents produced by the passenger – Smt. Nuzhat Bano were withdrawn under the Panchnama dated 19.03.2024:

- (i) Copy of Passport No.X7718532 issued at Bhopal on 15.05.2023 and valid up to 14.05.2033.
- (ii) Boarding pass of Indigo Airlines Flight No.6E92 from Jeddah to Ahmedabad dated 19.03.2024 having seat No.19B.

**4.** Accordingly, the said gold bar having purity 999.0/ 24 Kt. weighing 677.040 grams, derived from dust of melamine plates recovered from Smt. Nuzhat Bano, was seized vide Panchnama dated 19.03.2024, under the provisions of the Customs Act, 1962, on the reasonable belief that the said gold bar was smuggled into India by the said passenger with an intention to

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evade payment of Customs duty and accordingly the same was liable for confiscation under the Customs Act, 1962 read with Rules and Regulation made thereunder.

**5.** A statement of Smt. Nuzhat Bano was recorded on 20.03.2024, under Section 108 of the Customs Act, 1962, wherein he *inter alia* stated that:-

- (i) She is a house wife and lives with her husband, two sons & one daughter at Ward No.16, Mulchand Marg, Atikarman KhariKua, Neemuch, Pin-458441, Madhya Pradesh, India.
- (ii) she went to Jeddah on 25.02.2024 and returned back on 19.03.2024 by Flight No. 6E92 of Indigo Airlines from Jeddah to Ahmedabad; that she had never indulged in any smuggling activity in the past and this was first time she had carried gold;
- (iii) In Jeddah, the gold is purchased by an unknown person in Jeddah and given to me at my hotel room where I stayed in Jeddah. He gave me the gold (gold dust mix plate) and promised to give money for Umrah purpose under Panchnama dated 19/20.03.2024 weighted 677.040 gms;
- (iv) she had been present during the entire course of the Panchnama dated 19/20.03.2024 and he confirmed the events narrated in the said Panchnama drawn on 19/20.03.2024 at Terminal-2, SVPI Airport, Ahmedabad;
- (v) she was aware that smuggling of gold without payment of Customs duty is an offence; she was aware of the gold concealed in the melamine plates but she did not make any declarations in this regard with an intention to smuggle the same without payment of Customs duty. She confirmed the recovery of Gold totally weighing 677.040 grams having purity 999.0/ 24 KT valued at Rs.36,46,466/- (Tariff value) and Market value of Rs.45,69,343/- from her under the Panchnama dated 19.03.2024; she had opted for green channel to attempt to smuggle the gold hidden in the melamine plates without paying Customs duty.

**6.** The above said gold bar weighing 677.040 Grams, tariff value of Rs.39,46,466/- (Rupees Thirty Nine Lakh Forty Six Thousand Four Hundred Sixty Six only) and market value of Rs.45,69,343/- (Rupees Forty Five Lakh Sixty Nine Thousand Three Hundred Forth Three only), recovered from Smt.

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Nuzhat Bano, was attempted to be smuggled into India with an intent to evade payment of Customs duty by way of concealing in the melamine plate, which was clear violation of the provisions of the Customs Act, 1962. Thus, on a reasonable belief that the gold bar weighing 677.040 grams which was attempted to be smuggled by Smt. Nuzhat Bano, liable for confiscation as per the provisions of Section 111 of the Customs Act, 1962; hence, the above said gold bar weighing 677.040 grams derived from melamine plate, was placed under seizure under the provision of Section 110 of the Customs Act, 1962 vide Seizure memo Order dated 20.03.2024.

## **7. RELEVANT LEGAL PROVISIONS:**

### **A. THE CUSTOMS ACT, 1962:**

**I) Section 2 - Definitions.** —*In this Act, unless the context otherwise requires, —*

(22) "goods" includes-

- (a) vessels, aircrafts and vehicles;
- (b) stores;
- (c) baggage;
- (d) currency and negotiable instruments; and
- (d) any other kind of movable property;

(3) "baggage" includes unaccompanied baggage but does not include motor vehicles;

(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;

(39) "smuggling", in relation to any goods, means any act or omission which will render such goods liable to confiscation under section 111 or section 113;"

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**II) Section 11A – Definitions** -*In this Chapter, unless the context otherwise requires,*

(a) "illegal import" means the import of any goods in contravention of the provisions of this Act or any other law for the time being in force;"

**III) Section 77 – Declaration by owner of baggage.** —  
*The owner of any baggage shall, for the purpose of clearing it, make a declaration of its contents to the proper officer."*

**IV) Section 79. Bona fide baggage exempted from duty.** -

(1) *The proper officer may, subject to any rules made under sub-section (2), pass free of duty –*

(a) *any article in the baggage of a passenger or a member of the crew in respect of which the said officer is satisfied that it has been in his use for such minimum period as may be specified in the rules;*

(b) *any article in the baggage of a passenger in respect of which the said officer is satisfied that it is for the use of the passenger or his family or is a bona fide gift or souvenir; provided that the value of each such article and the total value of all such articles does not exceed such limits as may be specified in the rules.*

**V) Section 110 – Seizure of goods, documents and things.**

—(1) *If the proper officer has reason to believe that any goods are liable to confiscation under this Act, he may seize such goods:"*

**VI) Section 111 – Confiscation of improperly imported goods, etc.**—*The following goods brought from a place outside India shall be liable to 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;*

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- (f) any dutiable or prohibited goods required to be mentioned under the regulations in an arrival manifest or import manifest or import report which are not so mentioned;
- (i) any dutiable or prohibited goods found concealed in any manner in any package either before or after the unloading thereof;
- (j) any dutiable or prohibited goods removed or attempted to be removed from a customs area or a warehouse without the permission of the proper officer or contrary to the terms of such permission;
- (l) any dutiable or prohibited goods which are not included or are in excess of those included in the entry made under this Act, or in the case of baggage in the declaration made under section 77;
- (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;"

**VII) 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, harboring, keeping, concealing, selling or purchasing or in any manner dealing with any goods which he know or has reason to believe are liable to confiscation under Section 111, shall be liable to penalty.

**VII) Section 119 – Confiscation of goods used for concealing smuggled goods–Any goods used for concealing smuggled goods shall also be liable to confiscation."**

**B. THE FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT, 1992;**

**I) Section 3(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 or services or technology."*

**II) Section 3(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."*

**III) Section 11(1)** - *No export or import shall be made by any person except in accordance with the provisions of this Act, the rules and orders made thereunder and the foreign trade policy for the time being in force."*

### **C. THE CUSTOMS BAGGAGE DECLARATIONS REGULATIONS, 2013:**

**I) Regulation 3 (as amended)** - *All passengers who come to India and having anything to declare or are carrying dutiable or prohibited goods shall declare their accompanied baggage in the prescribed form.*

### **CONTRAVICTION AND VIOLATION OF LAWS**

**8.** It therefore appears that:

(a) The passenger Smt. Nuzhat Bano had dealt with and actively indulged herself in the instant case of smuggling of gold into India. The passenger had improperly imported gold weighing 677.040 Grams, purity 999.0/ 24kt, tariff value of Rs.39,46,466/- (Rupees Thirty-Nine Lakh Forty-Six Thousand Four Hundred Sixty-Six only) and market value of Rs.45,69,343/- (Rupees Forty-Five Lakh Sixty-Nine Thousand Three Hundred Forth Three Only only). The said gold was concealed in the form of gold dust in melamine plate by the

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passenger. The passenger opted green channel to exit the Airport with deliberate intention to evade the payment of Customs Duty and fraudulently circumventing the restrictions and prohibitions imposed under the Customs Act, 1962 and other allied Acts, Rules and Regulations. Therefore, the improperly imported gold bar weighing 677.040 grams of purity 999.0/24 Kt. by Smt. Nuzhat Bano by way of concealment and without declaring it to the Customs on arrival in India cannot be treated as bonafide household goods or personal effects. The passenger has thus contravened the Foreign Trade Policy 2015-20 and Section 11(1) of the Foreign Trade (Development and Regulation) Act, 1992 read with Section 3(2) and 3(3) of the Foreign Trade (Development and Regulation) Act, 1992.

- (b)** By not declaring the value, quantity and description of the goods imported by her, the said passenger violated the provision of Baggage Rules, 2016, read with the Section 77 of the Customs Act, 1962 read with Regulation 3 of Customs Baggage Declaration Regulations, 2013.
- (c)** The improperly imported gold by the passenger Smt. Nuzhat Bano found concealed in the form of gold dust in melamine plate by the passenger, without declaring it to the Customs is thus liable for confiscation under Section 111(d), 111(f), 111(i), 111(j), 111(l) and 111(m) read with Section 2 (22), (33), (39) of the Customs Act, 1962 and further read in conjunction with Section 11(3) of the Customs Act, 1962.

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(d) Smt. Nuzhat Bano by her above-described acts of omission and commission on her part has rendered herself liable to penalty under Section 112 of the Customs Act, 1962.

(e) As per Section 123 of the Customs Act, 1962, the burden of proving that the gold bar weighing 677.040 Grams, purity 999.0/ 24kt, tariff value of Rs.39,46,466/- (Rupees Thirty Nine Lakh Forty Six Thousand Four Hundred Sixty Six only) and market value of Rs.45,69,343/- (Rupees Forty Five Lakh Sixty Nine Thousand Three Hundred Forty Three Only only), concealed in the form of gold dust in melamine plate by the passenger without declaring it to the Customs, is not smuggled goods, is upon the passenger Smt. Nuzhat Bano.

**09.** Accordingly, a Show Cause Notice vide F.No. VIII/10-152/SVPIA-C/O&A/HQ/2024-25 dated 15.07.2024 was issued to **Smt. Nuzhat Bano**, residing at Ward No.16, Mulchand Marg, Atikarman Khari Kua, Neemuch, Pin - 458441, Madhya Pradesh, India holding Indian Passport No. X7268163, as to why:

(i) One Gold Bar weighing **677.040** Grams, purity 999.0/ 24kt, tariff value of **Rs.39,46,466/-** (Rupees Thirty-Nine Lakh Forty-Six Thousand Four Hundred Sixty-Six only) and market value of **Rs.45,69,343/-** (Rupees Forty Five Lakh Sixty Nine Thousand Three Hundred Forth Three Only), concealed in the form of gold dust in melamine plate by the passenger and placed under seizure under Panchnama proceedings dated 19/20.03.2024 and Seizure Memo Order dated 20.03.2024, should not be confiscated under the provision of Section 111(d), 111(f), 111(i), 111(j), 111(l) and 111(m) of the Customs Act, 1962;

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(ii) Penalty should not be imposed upon the passenger, under Section 112 of the Customs Act, 1962, for the omissions and commissions mentioned hereinabove.

**Defense reply and record of personal hearing:**

**10.** The noticee has not submitted any written submission to the Show Cause Notice issued to him.

**11.** The noticee was given opportunity for personal hearing on 23.12.2024, 30.12.2024 & 10.01.2025 but she failed to appear and represent her case. In the instant case, the noticee has been granted sufficient opportunity of being heard in person for three times but she failed to appear. In view of above, it is obvious that the Noticee is not bothered about the ongoing adjudication proceedings and she do not have anything to say in her defense. I am of the opinion that sufficient opportunities have been offered to the Noticee in keeping with the principle of natural justice and there is no prudence in keeping the matter in abeyance indefinitely.

**11.1** Before, proceeding further, I would like to mention that Hon'ble Supreme Court, High Courts and Tribunals have held, in several judgments/decision, that ex-parte decision will not amount to violation of principles of Natural Justice.

In support of the same, I rely upon some the relevant judgments/orders which are as under-

a) The Hon'ble Supreme Court in the matter of JETHMAL Versus UNION OF INDIA reported in 1999 (110) E.L.T. 379 (S.C.), the Hon'ble Court has observed as under;

*“7. Our attention was also drawn to a recent decision of this Court in A.K. Kripak v. Union of India - 1969 (2) SCC 340, where some of the rules of natural justice were formulated in Paragraph 20 of the judgment. One of these is the well known principle of audi alteram partem and it was argued that an ex parte hearing*

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*without notice violated this rule. In our opinion this rule can have no application to the facts of this case where the appellant was asked not only to send a written reply but to inform the Collector whether he wished to be heard in person or through a representative. If no reply was given or no intimation was sent to the Collector that a personal hearing was desired, the Collector would be justified in thinking that the persons notified did not desire to appear before him when the case was to be considered and could not be blamed if he were to proceed on the material before him on the basis of the allegations in the show cause notice. Clearly he could not compel appearance before him and giving a further notice in a case like this that the matter would be dealt with on a certain day would be an ideal formality."*

**b).** Hon'ble High Court of Kerala in the case of UNITED OIL MILLS Vs. COLLECTOR OF CUSTOMS & C. EX., COCHIN reported in 2000 (124) E.L.T. 53 (Ker.), the Hon'ble Court has observed that;

*Natural justice - Petitioner given full opportunity before Collector to produce all evidence on which he intends to rely but petitioner not prayed for any opportunity to adduce further evidence - Principles of natural justice not violated.*

**c)** Hon'ble High Court of Calcutta in the case of KUMAR JAGDISH CH. SINHA Vs. COLLECTOR OF CENTRAL EXCISE, CALCUTTA reported in 2000 (124) E.L.T. 118 (Cal.) in Civil Rule No. 128 (W) of 1961, decided on 13-9-1963, the Hon'ble court has observed that;

*Natural justice - Show cause notice - Hearing - Demand - Principles of natural justice not violated when, before making the levy under Rule 9 of Central Excise Rules, 1944, the Noticee was issued a show*

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*cause notice, his reply considered, and he was also given a personal hearing in support of his reply - Section 33 of Central Excises & Salt Act, 1944. - It has been established both in England and in India [vide N.P.T. Co. v. N.S.T. Co. (1957) S.C.R. 98 (106)], that there is no universal code of natural justice and that the nature of hearing required would depend, inter alia, upon the provisions of the statute and the rules made there under which govern the constitution of a particular body. It has also been established that where the relevant statute is silent, what is required is a minimal level of hearing, namely, that the statutory authority must 'act in good faith and fairly listen to both sides' [Board of Education v. Rice, (1911) A.C. 179] and, "deal with the question referred to them without bias, and give to each of the parties the opportunity of adequately presenting the case" [Local Govt. Board v. Arlidge, (1915) A.C. 120 (132)]. [para 16]*

**d)** Hon'ble High Court of Delhi in the case of SAKETH INDIA LIMITED Vs. UNION OF INDIA reported in 2002 (143) E.L.T. 274 (Del.). The Hon'ble Court has observed that:

*Natural justice - Ex parte order by DGFT - EXIM Policy - Proper opportunity given to appellant to reply to show cause notice issued by Addl. DGFT and to make oral submissions, if any, but opportunity not availed by appellant - Principles of natural justice not violated by Additional DGFT in passing ex parte order - Para 2.8(c) of Export-Import Policy 1992-97 - Section 5 of Foreign Trade (Development and Regulation) Act, 1992.*

**e)** The Hon'ble CESTAT, Mumbai in the case of GOPINATH CHEM TECH. LTD Vs. COMMISSIONER OF CENTRAL EXCISE, AHMEDABAD-II reported in 2004 (171) E.L.T. 412 (Tri. - Mumbai), the Hon'ble CESTAT has observed that;

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*Natural justice - Personal hearing fixed by lower authorities but not attended by appellant and reasons for not attending also not explained - Appellant cannot now demand another hearing - Principles of natural justice not violated. [para 5]*

f). The Hon'ble High Court of Jharkhand in W.P.(T) No. 1617 of 2023 in case of Rajeev Kumar Vs. The Principal Commissioner of Central Goods and Service Tax & The Additional Commissioner of Central GST & CX, 5A Central Revenue Building, Main Road, Ranchi pronounced on 12.09.2023 wherein Hon'ble Court has held that

*"Accordingly, we are of the considered opinion that no error has been committed by the adjudicating authority in passing the impugned Order-in-Original, inasmuch as, enough opportunities were provided to the petitioner by issuing SCN and also fixing date of personal hearing for four times; but the petitioner did not respond to either of them.*

*8. Having regard to the aforesaid discussions and admitted position with regard to non-submission of reply to the SCN, we failed to appreciate the contention of the petitioner that principle of natural justice has not been complied in the instant case. Since there is efficacious alternative remedy provided in the Act itself, we hold that the instant writ application is not maintainable.*

*9. As a result, the instant application stands dismissed. Pending I.A., if any, is also closed."*

### **Discussion and Findings:**

**12.** I have carefully gone through the facts of the case. Though sufficient opportunity for filing reply and personal hearing had been given, the Noticee has not come forward to file her reply/

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submissions or to appear for the personal hearing opportunities offered to her. The adjudication proceedings cannot wait until the Noticee makes it convenient to file her submissions and appear for the personal hearing. I, therefore, take up the case for adjudication ex-parte, on the basis of evidences available on record.

**13.** In the instant case, I find that the main issue to be decided is whether the **677.040 grams** of 01 gold bar, derived from gold concealed in the form of gold dust in melamine plate, having tariff value of **Rs.39,46,466/-** and market value is **Rs.45,69,343/-** seized vide Seizure Memo/Order under Panchnama proceedings both dated 19/20.03.2024, on a reasonable belief that the same is liable for confiscation under Section 111 of the Customs Act, 1962 (hereinafter referred to as 'the Act') or not; and whether the noticee is liable for penal action under the provisions of Section 112 of the Act.

**14.** I find that the panchnama dated 19/20.03.2024 clearly draws out the fact that the noticee, who arrived from Jeddah in Flight No. 6E-92 was intercepted by the Air Intelligent Unit (AIU) officers, SVP International Airport, Customs, Ahmedabad on the basis of suspicious movement, while noticee was attempting to exit through green channel without making any declaration to the Customs. The officers informed her that a detailed examination/search of his luggage as well as her personal search was required to be conducted. The officer asked the noticee to pass through the DFMD (Door Frame Metal Detector) after removing all metallic objects from her body/clothes, while the noticee passed through the Door Frame Metal Detector (DFMD) Machine no beep sound was heard which indicated there was no objectionable/dutiable substance on her body/clothes. Thereafter, the AIU officers scanned all the baggage in the X-ray machine, while the baggage were scanned, some suspicious image is

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observed by the AIU officers. The AIU officers asked about the suspicious x-ray image but passenger denied and not given any satisfactory reply. Therefore, the officer of AIU removed one melamine plate and break the same to check. On breaking the plate, it was noticed that some layer of gold dust present inside the plate. Now, it was necessary to confirm whether there was gold or not, the officer called the Govt. Approved Valuer.

**14.1** It is also on the record that the Government Approved valuer Shri Kartikey Vasantrai Soni examined the said melamine plates recovered from Smt. Nuzhat Bano containing gold dust. After weighing the said melamine plates containing gold dust on his weighing scale, Mr. kartikey Vasantrai Soni informed that the melamine plates containing gold dust having Gross weight 3611.200 grams and after burning the said melamine plates containing gold dust, he informed that total weight of Gold Ashes after burning was 684.10 grams and after completion of the extraction process, the Government Approved Valuer Shri Kartikey Vasantrai Soni informed that One gold bar total weighing **677.040 grams** having purity of 999.00 (24Kt.) derived from the said melamine plates containing gold dust and submitted his valuation report vide certificate No. 1570/2023-24 dated 19.03.2024, wherein he mentioned that the total Market Value of the said recovered gold is **Rs.45,69,343/- (Rupees Forty-Five Lakhs Sixty-Nine Thousand Three Hundred Forty-Three only) and Tariff Value is Rs.39,46,466/- (Thirty-Nine lakhs Forty-Six thousand Four hundred Sixty-Six only)**. The value of the gold bar has been calculated as per the Notification No. 22/2024-Customs (N.T.) DTD. 15-03-2024 (Gold) and Notification No. 18/2024-Customs (N.T.) dtd. 07-03-2024 (exchange Rate).

**15.** I also find that the passenger/noticee had neither questioned the manner of the panchnama proceedings at the material time nor

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controverted the facts detailed in the panchnama during the course of recording of her statement. Every procedure conducted during the panchnama by the Officers, was well documented and made in the presence of the panchas as well as the passenger/noticee. In fact, in her statement dated 20.03.2024, she has clearly admitted that she had travelled from Jeddah to Ahmedabad by Flight No. 6E-92 dated 19.03.2024 carrying/concealed the gold in form of dust in melamine plates. She admitted that the said gold was not her and also not purchased by her. The gold in form of dust concealed in melamine plates was given by someone and promised to give money for Umrah purpose after delivering the same at Ahmedabad. Further, she mentioned that she had intentionally not declared the substance containing foreign origin gold before the Customs authorities as she wanted to clear the same illicitly and evade payment of customs duty; that she was aware that smuggling of gold without payment of customs duty is an offence under the Customs law and thereby, violated provisions of Customs Act, 1962 and the Baggage Rules, 2016.

**16.** I find that the noticee has clearly accepted that she had not declared the said gold bars (derived from gold concealed in the form of dust in melamine plates), to the Customs authorities. It is clear case of non-declaration with intent to smuggle the gold. Accordingly, there is sufficient evidence to conclude that the passenger had failed to declare the foreign origin gold before the Customs Authorities on her arrival at SVP International Airport, Ahmedabad. Therefore, it is a case of smuggling of gold without declaring in the aforesaid manner with intent to evade payment of Customs duty is conclusively proved. Thus, it is proved that passenger violated Section 77, Section 79 of the Customs Act for import/smuggling of gold which was not for bonafide use and thereby violated Rule 11 of

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the Foreign Trade Regulation Rules 1993, and para 2.26 of the Foreign Trade Policy 2015-20. Further as per Section 123 of the Customs Act, 1962, gold is a notified item and when goods notified thereunder are seized under the Customs Act, 1962, on the reasonable belief that they are smuggled goods, the burden to prove that they are not smuggled, shall be on the person from whose possession the goods have been seized.

**17.** From the facts discussed above, it is evident that the passenger/noticee had brought gold of 24 kt having 999.0 purity weighing 677.040 gms., retrieved/derived from gold concealed in the form of dust in melamine plates, while arriving from Jeddah to Ahmedabad, with an intention to smuggle and remove the same without payment of Customs duty, thereby rendering the gold weighing 677.040 gms., seized under panchnama dated 19/20.03.2024 liable for confiscation, under the provisions of Sections 111(d), 111(f), 111(i), 111(j), 111(l) & 111(m) of the Customs Act, 1962. By secreting the gold in form of dust concealed in melamine plates and not declaring the same before the Customs, it is established that the passenger/noticee had a clear intention to smuggle the gold clandestinely with the deliberate intention to evade payment of customs duty. The commission of above act made the impugned goods fall within the ambit of 'smuggling' as defined under Section 2(39) of the Act.

**18.** It is seen that for the purpose of customs clearance of arriving passengers, a two-channel system is prescribed/adopted i.e Green Channel for passengers not having dutiable goods and Red Channel for passengers having dutiable goods and all passengers have to ensure to file correct declaration of their baggage. I find that the Noticee had not filed the baggage declaration form and had not declared the said gold which was in her possession, as envisaged

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under Section 77 of the Act read with the Baggage Rules and Regulation 3 of Customs Baggage Declaration Regulations, 2013 as amended and she was tried to exit through Green Channel which shows that the noticee was trying to evade the payment of eligible customs duty. I also find that the definition of "eligible passenger" is provided under Notification No. 50/2017- Customs New Delhi, the 30th June, 2017 wherein it is mentioned as - *"eligible passenger" means a passenger of Indian origin or a passenger holding a valid passport, issued under the Passports Act, 1967 (15 of 1967), who is coming to India after a period of not less than six months of stay abroad; and short visits, if any, made by the eligible passenger during the aforesaid period of six months shall be ignored if the total duration of stay on such visits does not exceed thirty days.* I find that the noticee has not declared the gold before customs authority. It is also observed that the imports were also for non-bonafide purposes. Therefore, the said improperly imported gold weighing 677.040 grams concealed by her, without declaring to the Customs on arrival in India cannot be treated as bonafide household goods or personal effects. The noticee has thus contravened the Foreign Trade Policy 2015-20 and Section 11(1) of the Foreign Trade (Development and Regulation) Act, 1992 read with Section 3(2) and 3(3) of the Foreign Trade (Development and Regulation) Act, 1992.

**19.** It, is therefore, proved that by the above acts of contravention, the passenger/noticee has rendered gold of 24 kt having 999.0 purity weighing 677.040 gms., retrieved/derived from gold concealed in the form of dust in melamine plates, having total Tariff Value of Rs.39,46,466/- and market Value of Rs.45,69,343/-, seized vide Seizure Memo/Order dated 20.03.2024 under the Panchnama proceedings dated 19/20.03.2024 liable to confiscation under the provisions of Sections 111(d), 111(f), 111(i), 111(j), 111(l) & 111(m) of the Customs Act, 1962. By using the modus of concealing in the

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form of gold dust in melamine plates and without declaring to the Customs on arrival in India, it is observed that the passenger/noticee was fully aware that the import of said goods is offending in nature. It is therefore very clear that she has knowingly carried the gold and failed to declare the same to the Customs on his arrival at the Airport. Further, I find that in her voluntarily statement recorded under Section 108 of Customs Act, 1962, she admitted that she did not declare anything to Customs and while coming out of the green channel, she was apprehended by the officials of AIU,SVPIA, Ahmedabad and was found in possession with the gold in form of dust concealed in melamine paltes. It is seen that she has involved herself in carrying, keeping, concealing and dealing with the impugned goods in a manner which she knew or had reasons to believe that the same were liable to confiscation under the Act. It, is therefore, proved beyond doubt that the passenger has committed an offence of the nature described in Section 112 of Customs Act, 1962 making him liable for penalty under Section 112 of the Customs Act, 1962.

**20.** I find that the passenger/noticee has confessed of carrying gold of 24kt having 999.0 purity, weighing 677.040 grams and attempted to remove the said gold by concealing the gold in form of gold dust concealed in melamine plates and attempted to remove the said gold from the Customs Airport without declaring it to the Customs Authorities violating the para 2.26 of the Foreign Trade Policy 2015-20 and Section 11(1) of the Foreign Trade (Development and Regulation) Act, 1992 read with Section 3(2) and 3(3) of the Foreign Trade (Development and Regulation) Act, 1992 further read in conjunction with Section 11(3) of Customs Act, 1962 and the relevant provisions of Baggage Rules, 2016 and Customs Baggage Declaration Regulations, 2013. As per Section 2(33) "prohibited

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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. The improperly imported gold by the passenger without following the due process of law and without adhering to the conditions and procedures of import have thus acquired the nature of being prohibited goods in view of Section 2(33) of the Act.

**21.** It is quite clear from the above discussions that the gold was concealed and not declared to the Customs with the sole intention to evade payment of Customs duty. The records before me shows that the passenger/noticee did not choose to declare the prohibited/dutiable goods and opted for green channel customs clearance after arriving from foreign destination with the willful intention to smuggle the impugned goods. One Gold Bar weighing 677.040 grams of 24Kt./ 999.0 purity, having total Market Value of the recovered gold bar Rs.45,69,343/- and Tariff Value Rs.39,46,466/- retrieved/ derived from gold concealed in the form of gold dust in melamine plates, were placed under seizure vide panchnama dated 19/20.03.2024. The passenger/noticee has clearly admitted that despite having knowledge that the goods had to be declared and such import is an offence under the Act and Rules and Regulations made thereunder, she attempted to remove the gold by concealing in the form of gold dust in melamine plates and by deliberately not declaring the same on his arrival at airport with the willful intention to smuggle the impugned gold into India. I therefore, find that the passenger/noticee has committed an offence of the nature described in Section 112(a) & 112 (b) of Customs Act, 1962

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making her liable for penalty under provisions of Section 112 of the Customs Act, 1962.

**22.** I further find that gold is not on the list of prohibited items but import of the same is controlled. The view taken by the **Hon'ble Supreme Court in the case of Om Prakash Bhatia** however in very clear terms lay down the principle that if importation and exportation of goods are subject to certain prescribed conditions, which are to be fulfilled before or after clearance of goods, non-fulfillment of such conditions would make the goods fall within the ambit of 'prohibited goods'. This makes the gold seized in the present case "prohibited goods" as the passenger trying to smuggle the same was not eligible passenger to bring or import gold into India in baggage. The gold was recovered in a manner concealed in form of gold dust in melamine plates and kept undeclared with an intention to smuggle the same and evade payment of customs duty. By using this modus, it is proved that the goods are offending in nature and therefore prohibited on its importation. Here, conditions are not fulfilled by the passenger.

**23.** I find that, the burden of proving that the seized gold bar was not smuggled goods lie on the person who claims to be the owner of the goods so seized or from whose possession the goods were seized. Section 123 of the Customs Act, 1962 stipulates that:-

**Section 123. Burden of proof in certain cases. -**

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

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

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

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

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

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

In the instant case, the onus, for proving that the seized gold bar weighing 677.040 grams of foreign origin are not smuggled in nature lie on the noticee from whose possession of impugned goods were seized on 20.03.2024. The gold bar derived from the gold dust concealed in melamine plates, recovered from noticee and she admitted to have smuggled it into India. The test report also shows that gold bar was found to be purity of 999.00/24Kt. In view of the above discussions, I find that the manner of concealment, in this case clearly of ingenious in nature and shows that the noticee had attempted to smuggle the seized gold to avoid detection by the Customs Authorities. Further, the noticee could not produce any licit or valid documents regarding the legal importation/acquisition/possession/transportation of the gold found in her possession. Thus, the noticee has failed to discharge the burden placed on her in terms of Section 123 and also not declared the same to the Customs in the prescribed Indian Customs Declaration Form. In view of the above discussions, I hold that the gold weighing 677.040 grams of 24Kt./999.0 purity, retrieved/derived from gold concealed in the form of gold dust in melamine

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plates and undeclared by the passenger/noticee with an intention to clear the same illicitly from Customs Airport and to evade payment of Customs duty, are liable for absolute confiscation. Further, it becomes very clear that the gold was carried to India by the noticee in concealed manner to evade the customs duty. In the instant case, ***I am therefore, not inclined to use my discretion to give an option to redeem the gold on payment of redemption fine, as envisaged under Section 125 of the Act.***

**24.** In the case of Samynathan Murugesan [ 2009 (247) ELT 21 (Mad)], the Hon'ble High Court upheld the absolute confiscation, ordered by the adjudicating authority, in similar facts and circumstances. Further, in the said case of smuggling of gold, the High Court of Madras has ruled that as the goods were prohibited and there was concealment, the Commissioner's order for absolute confiscation was upheld.

**25.** Further I find that in a case decided by the Hon'ble High Court of Madras reported at 2016-TIOL-1664-HC-MAD-CUSin respect of Malabar Diamond Gallery Pvt Ltd, the Court while holding gold jewellery as prohibited goods under Section 2(33) of the Customs Act, 1962 had recorded that "restriction" also means prohibition. In Para 89 of the order, it was recorded as under;

*"89. While considering a prayer for provisional release, pending adjudication, whether all the above can wholly be ignored by the authorities, enjoined with a duty, to enforce the statutory provisions, rules and notifications, in letter and spirit, in consonance with the objects and intention of the Legislature, imposing prohibitions/restrictions under the Customs Act, 1962 or under any other law, for the time being in force, we are of the view that all the authorities are bound to follow the same, wherever, prohibition or*

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*restriction is imposed, and when the word, “restriction”, also means prohibition, as held by the Hon’ble Apex Court in Om Prakash Bhatia’s case (cited supra).”*

**26.** The Hon’ble High Court of Madras in the matter of Commissioner of Customs (AIR), Chennai-I Vs. P. Sinnasamy [2016 (344) E.L.T. 1154 (Mad.)] has held-

*Tribunal had arrogated powers of adjudicating authority by directing authority to release gold by exercising option in favour of respondent - Tribunal had overlooked categorical finding of adjudicating authority that respondent had deliberately attempted to smuggle 2548.3 grams of gold, by concealing and without declaration of Customs for monetary consideration - Adjudicating authority had given reasons for confiscation of gold while allowing redemption of other goods on payment of fine - Discretion exercised by authority to deny release, is in accordance with law - Interference by Tribunal is against law and unjustified -*

*Redemption fine - Option - Confiscation of smuggled gold - Redemption cannot be allowed, as a matter of right - Discretion conferred on adjudicating authority to decide - Not open to Tribunal to issue any positive directions to adjudicating authority to exercise option in favour of redemption.*

**27.** In [2019 (370) E.L.T. 1743 (G.O.I.)], before the Government of India, Ministry of Finance, [Department of Revenue - Revisionary Authority]; Ms. Mallika Arya, Additional Secretary in Abdul Kalam Ammangod Kunhamu vide Order No. 17/2019-Cus., dated 7-10-2019 in F. No.375/06/B/2017-RA stated that it is observed that C.B.I. & C. had issued instruction vide Letter F. No. 495/5/92-Cus. VI, dated 10-5-1993 wherein it has been instructed that “in respect

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of gold seized for non-declaration, no option to redeem the same on redemption fine under Section 125 of the Customs Act, 1962 should be given except in very trivial cases where the adjudicating authority is satisfied that there was no concealment of the gold in question".

**28.** The Hon'ble High Court of Delhi in the matter of Rameshwar Tiwari Vs. Union of India (2024) 17 Centax 261 (Del.) has held-

*"23. There is no merit in the contention of learned counsel for the Petitioner that he was not aware of the gold. Petitioner was carrying the packet containing gold. The gold items were concealed inside two pieces of Medicine Sachets which were kept inside a Multi coloured zipper jute bag further kept in the Black coloured zipper hand bag that was carried by the Petitioner. The manner of concealing the gold clearly establishes knowledge of the Petitioner that the goods were liable to be confiscated under section 111 of the Act. The Adjudicating Authority has rightly held that the manner of concealment revealed his knowledge about the prohibited nature of the goods and proved his guilt knowledge/mens-rea."*

24.....

25.....

**26.** *The Supreme Court of India in State of Maharashtra v. Natwarlal Damodardas Soni [1980] 4 SCC 669/1983 (13) E.L.T. 1620 (SC)/1979 taxmann.com 58 (SC) has held that smuggling particularly of gold, into India affects the public economy and financial stability of the country."*

**29.** Given the facts of the present case before me and the judgements and rulings cited above, I find that the manner of concealment, in this case clearly shows that the noticee had attempted to smuggle the seized gold to avoid detection by the Customs Authorities. Further, no evidence has been produced to prove licit import of the seized gold bars. Thus, the noticee has failed to discharge the burden placed on him in terms of Section 123. Further, from the SCN, Panchnama and Statement, I find that the manner of concealment of the gold is **ingenious** in nature, as the noticee concealed the gold in the form of gold dust in melamine plates, with intention to smuggle the same into India and evade

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payment of customs duty. Therefore, the gold weighing 677.040 grams of 24Kt./999.0 purity in form of gold bar, retrieved/ derived from gold dust concealed in melamine plates is therefore, liable to be **confiscated absolutely**. *I therefore hold in unequivocal terms that the gold weighing 677.040 grams of 24Kt./999.0 purity, placed under seizure would be liable to absolute confiscation under Section 111(d), 111(f), 111(i), 111(j), 111(l) & 111(m) of the Act.*

**30.** I further find that the passenger had involved herself in the act of smuggling of gold weighing 677.040 grams of 24Kt./999.0 purity, retrieved from gold dust concealed in melamine plates. Further, it is fact that the passenger/noticee has travelled with gold weighing 677.040 grams of 24Kt./999.0 purity, retrieved from gold dust concealed in melamine plates, from Jeddah to Ahmedabad despite her knowledge and belief that the gold carried by her is an offence under the provisions of the Customs Act, 1962 and the Regulations made thereunder. Thus, it is clear that the passenger has concerned herself with carrying, removing, keeping, concealing and dealing with the smuggled gold which she knew or had reason to believe that the same are liable for confiscation under Section 111 of the Customs Act, 1962. Therefore, I find that the passenger/noticee is liable for penal action under Sections 112(a)(i) & 112(b)(i) of the Customs Act, 1962 and I hold accordingly.

**31.** Accordingly, I pass the following Order:

**ORDER**

**i.)** I order absolute confiscation of the one Gold Bar weighing **677.040** grams having Market Value at **Rs.45,69,343/-** (Rupees Forty Five Lakh Sixty Nine

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Thousand Three Hundred Forth Three Only) and Tariff Value is **Rs.39,46,466/-** (Rupees Thirty-Nine Lakh Forty-Six Thousand Four Hundred Sixty-Six only) derived/retrieved from gold dust concealed in melamine plates by the passenger/noticee Smt. Nuzhat Bano and placed under seizure under panchnama dated 19/20.03.2024 and seizure memo order dated 20.03.2024 under Section 111(d), 111(f), 111(i), 111(j), 111(l) & 111(m) of the Customs Act, 1962;

**ii.)** I impose a penalty of **Rs. 11,50,000/-** (Rupees Eleven Lakh Fifty Thousand Only) on Smt. Nuzhat Bano under the provisions of Section 112(a)(i) and Section 112(b)(i) of the Customs Act 1962.

**32.** Accordingly, the Show Cause Notice No. VIII/10-152/SVPIA-C/O&A/HQ/2024-25 dated 15.07.2024 stands disposed of.

**(Shree Ram Vishnoi)**  
Additional Commissioner  
Customs, Ahmedabad

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DIN: 20250271MN000000F5E

By SPEED POST A.D.

To,

**Smt. Nuzhat Bano,**

Ward No.16, Mulchand Marg,  
Atikarman Khari Kua, Neemuch,  
Pin-458441, Madhya Pradesh.

Copy to :-

1. The Principal Commissioner of Customs, Ahmedabad (Kind Attn: RRA Section)

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2. The Deputy Commissioner of Customs (AIU), SVPIA, Ahmedabad.
3. The Deputy Commissioner of Customs, SVPIA, Ahmedabad.
4. The Deputy Commissioner of Customs (Task Force), Ahmedabad.
5. The System In-Charge, Customs, HQ., Ahmedabad for uploading on the official web-site i.e. <http://www.ahmedabadcustoms.gov.in>
6. Guard File.