



सीमाशुल्क(अपील) आयुक्तकाकार्यालय,

OFFICE OF THE COMMISSIONER OF CUSTOMS (APPEALS),अहमदाबाद AHMEDABAD,

चौथी मंज़िल 4th Floor, हडकोभवनHUDCO Bhavan, ईश्वर भुवन रोड IshwarBhuvan Road,

नवरंगपुरा Navrangpura, अहमदाबाद Ahmedabad – 380 009

दूरभाषक्रमांक Tel. No. 079-26589281

DIN - 20260271MN0000666B7F

क	फ़ाइलसंख्या FILE NO.	S/49-256/CUS/AHD/2024-25
ख	अपीलआदेशसंख्या ORDER-IN-APPEAL NO. (सीमाशुल्कअधिनियम, 1962 कीधारा 128ककेअंतर्गत)(UNDER SECTION 128A OF THE CUSTOMS ACT, 1962) :	AHD-CUSTM-000-APP-555-25-26
ग	पारितकर्ता PASSED BY	Shri Amit Gupta Commissioner of Customs (Appeals), Ahmedabad
घ	दिनांक DATE	12.02.2026
ङ	उद्भूतअपीलआदेशकीसं. वदिनांक ARISING OUT OF ORDER-IN-ORIGINAL NO.	10/NS/AC/SRT-AIRPT/2024-25 dated 27.11.2024
च	अपीलआदेशजारीकरनेकीदिनांक ORDER-IN-APPEAL ISSUED ON:	12.02.2026
छ	अपीलकर्तकानामवपता NAME AND ADDRESS OF THE APPELLANT:	Shri Laxmankumar Bhagaji Purohit S/o Shri Bhagaji Vajigji Purohit, C-177, Reshma Row House, Near Kenal Puna Patia, Puna Magob Road, Magob, Surat City, Pin- 395010, Gujarat.
1.	यहप्रतिउसव्यक्तिकेनिजीउपयोगकेलिएमुफ्तमेंदीजातीहैजिनकेनामयहजारीकियागयाहै.	
	This copy is granted free of cost for the private use of the person to whom it is issued.	

2.	सीमाशुल्कअधिनियम 1962 कीधारा 129 डीडी (1) (यथासंशोधित) केअधीननिम्नलिखितश्रेणियोंकेमामलोंकेसम्बन्धमेंकोईव्यक्तिइसआदेशसेअपनेकोआहतमहसूसकरताहोतोइसआदेशकीप्राप्तिकीतारीखसे 3 महीनेकेअंदरअपरसचिव/संयुक्तसचिव (आवेदनसंशोधन), वित्तमंत्रालय, (राजस्वविभाग) संसदमार्ग, नईदिल्लीकोपुनरीक्षणआवेदनप्रस्तुतकरसकतेहैं।
	Under Section 129 DD(1) of the Customs Act, 1962 (as amended), in respect of the following categories of cases, any person aggrieved by this order can prefer a Revision Application to The Additional Secretary/Joint Secretary (Revision Application), Ministry of Finance, (Department of Revenue) Parliament Street, New Delhi within 3 months from the date of communication of the order.
	निम्नलिखितसम्बन्धितआदेश/Order relating to :
(क)	बैगेजकेरूपमेंआयातितकोईमाल।
(a)	any goods imported on baggage.
(ख)	भारतमेंआयातकरनेहेतुकीसीवाहनमेंलादागयालेकिनभारतमेंउनकेगन्तव्यस्थानपरउतारेनगएमालयाउसगन्तव्यस्थानपरउतारेजानेकेलिएअपेक्षितमालउतारेनजानेपरयाउसगन्तव्यस्थानपरउतारेगएमालकीमात्रामेंअपेक्षितमालसेकमीहो।
(b)	any goods loaded in a conveyance for importation into India, but which are not unloaded at their place of destination in India or so much of the quantity of such goods as has not been unloaded at any such destination if goods unloaded at such destination are short of the quantity required to be unloaded at that destination.
(ग)	सीमाशुल्कअधिनियम, 1962 केअध्यायX तथाउसकेअधीनबनाएगएनियमोंकेतहतशुल्कवापसीकीअदायगी।
(c)	Payment of drawback as provided in Chapter X of Customs Act, 1962 and the rules made thereunder.
3.	पुनरीक्षणआवेदनपत्रसंगतनियमावलीमेंविनिर्दिष्टप्रारूपमेंप्रस्तुतकरनाहोगाजिसकेअन्तर्गतउसकीजांचकीजाएगी औरउसकेसाथनिम्नलिखितकागजातसंलग्नहोनेचाहिए :
	The revision application should be in such form and shall be verified in such manner as may be specified in the relevant rules and should be accompanied by :
(क)	कोर्टफीएक्ट, 1870केमदसं. 6 अनुसूची 1 केअधीननिर्धारितकिएगएअनुसारइसआदेशकी 4 प्रतियां, जिसकीएकप्रतिमेंपचासपैसेकीन्यायालयशुल्कटिकटलगाहोनाचाहिए।
(a)	4 copies of this order, bearing Court Fee Stamp of paise fifty only in one copy as prescribed under Schedule 1 item 6 of the Court Fee Act, 1870.
(ख)	सम्बद्धदस्तावेजोंकेअलावासाथमूलआदेशकी 4 प्रतियां, यदिहो
(b)	4 copies of the Order-in-Original, in addition to relevant documents, if any
(ग)	पुनरीक्षणकेलिएआवेदनकी 4 प्रतियां
(c)	4 copies of the Application for Revision.
(घ)	पुनरीक्षणआवेदनदायरकरनेकेलिएसीमाशुल्कअधिनियम, 1962 (यथासंशोधित) मेंनिर्धारितफीसजोअन्यरसीद, फीस, दण्ड, जब्तीऔरविविधमदोंकेशीर्षकेअधीनआताहैमेंरु. 200/- (रूपएदोसौमात्र) या रु. 1000/- (रूपएएकहजारमात्र), जैसाभीमामलाहो, सेसम्बन्धितभुगतानकेप्रमाणिकचलानटी. आर. 6 कीदोप्रतियां। यदिशुल्क, मांगागयाब्याज, लगायागयादंडकीराशिऔररूपएएकलाखाउससेकमहोतोऐसेफीसकेरूपमेंरु. 200/- औरयदिएकलाखसेअधिकहोतोफीसकेरूपमेंरु. 1000/-
(d)	The duplicate copy of the T.R.6 challan evidencing payment of Rs.200/- (Rupees two Hundred only) or Rs.1,000/- (Rupees one thousand only) as the case may be, under the Head of other receipts, fees, forfeitures and Miscellaneous Items being the fee prescribed in the Customs Act, 1962 (as amended) for filing a Revision Application. If the amount of duty and interest demanded, fine or penalty levied is one lakh rupees or less, fees as Rs.200/- and if it is more than one lakh rupees, the fee is Rs.1000/-.
4.	मदसं. 2 केअधीनसूचितमामलोंकेअलावाअन्यमामलोंकेसम्बन्धमेंयदि कोईव्यक्तिइसआदेशसेआहतमहसूसकरताहोतोवेसीमाशुल्कअधिनियम 1962 कीधारा 129 ए (1) केअधीनफॉर्मसी. ए.-3 मेंसीमाशुल्क, केन्द्रीयउत्पादशुल्कऔरसेवाकरअपीलअधिकरणकेसमक्षनिम्नलिखितपतेपरअपीलकरसकतेहैं
	In respect of cases other than these mentioned under item 2 above, any person aggrieved by this order can file an appeal under Section 129 A(1) of the Customs Act, 1962 in form C.A.-3 before the Customs, Excise and Service Tax Appellate Tribunal at the following address :

	सीमाशुल्क, केंद्रीय उत्पाद शुल्क व सेवा कर अपीलिय अधि करण, पश्चिमी क्षेत्रीय पीठ	Customs, Excise & Service Tax Appellate Tribunal, West Zonal Bench
	दूसरी मंजिल, बहुमाली भवन, निकट गिरधर नगर पुल, असार वा, अहमदाबाद-380016	2 nd Floor, Bahumali Bhavan, Nr. Girdhar Nagar Bridge, Asarwa, Ahmedabad-380 016
5.	सीमाशुल्क अधिनियम, 1962 की धारा 129 ए (6) के अधीन, सीमाशुल्क अधिनियम, 1962 की धारा 129 ए(1) के अधीन अपील के साथ निम्नलिखित शुल्क संलग्न होने चाहिए-	
	Under Section 129 A (6) of the Customs Act, 1962 an appeal under Section 129 A (1) of the Customs Act, 1962 shall be accompanied by a fee of -	
(क)	अपील से सम्बन्धित मामले में जहां कि सीमाशुल्क अधिकारी द्वारा मांगा गया शुल्क और व्याज तथा लागाया गया दंड की र कम पाँच लाख रूपए या उससे कम हो तो एक हजार रूपए.	
(a)	where the amount of duty and interest demanded and penalty levied by any officer of Customs in the case to which the appeal relates is five lakh rupees or less, one thousand rupees;	
(ख)	अपील से सम्बन्धित मामले में जहां कि सीमाशुल्क अधिकारी द्वारा मांगा गया शुल्क और व्याज तथा लागाया गया दंड की र कम पाँच लाख रूपए से अधिक हो लेकिन रुपये पचास लाख से अधिक न हो तो; पाँच हजार रूपए	
(b)	where the amount of duty and interest demanded and penalty levied by any officer of Customs in the case to which the appeal relates is more than five lakh rupees but not exceeding fifty lakh rupees, five thousand rupees ;	
(ग)	अपील से सम्बन्धित मामले में जहां कि सीमाशुल्क अधिकारी द्वारा मांगा गया शुल्क और व्याज तथा लागाया गया दंड की र कम पचास लाख रूपए से अधिक हो तो; दस हजार रूपए.	
(c)	where the amount of duty and interest demanded and penalty levied by any officer of Customs in the case to which the appeal relates is more than fifty lakh rupees, ten thousand rupees	
(घ)	इस आदेश के विरुद्ध अधिकरण के सामने, मांगे गए शुल्क के 10% अदा करने पर, जहां शुल्क या शुल्क एवं दंड विवाद में है, या दंड के 10% अदा करने पर, जहां केवल दंड विवाद में है, अपील रखा जाएगा।	
(d)	An appeal against this order shall lie before the Tribunal on payment of 10% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.	
6.	उक्त अधिनियम की धारा 129 (ए) के अन्तर्गत अपील प्राधिकरण के समक्ष दायर प्रत्येक आवेदन पत्र- (क) रोक आदेश के लिए या गलतियों को सुधारने के लिए या किसी अन्य प्रयोजन के लिए कि एगए अपील : - अथवा (ख) अपील या आवेदन पत्र का प्रत्यावर्तन के लिए दायर आवेदन के साथ रुपये पाँच सौ का शुल्क भी संलग्न होने चाहिए.	
	Under section 129 (a) of the said Act, every application made before the Appellate Tribunal-	
	(a) in an appeal for grant of stay or for rectification of mistake or for any other purpose; or	
	(b) for restoration of an appeal or an application shall be accompanied by a fee of five Hundred rupees.	



ORDER-IN-APPEAL

Shri Laxmankumar Bhagaji Purohit S/o Shri Bhagaji Vajigji Purohit, C-177, Reshma Row House, Near Kenal Puna Patia, Puna Magob Road, Magob, Surat City, Pin-395010, Gujarat (hereinafter referred to as "the appellant") has filed the present appeal in terms of Section 128 of the Customs Act, 1962 against Order in Original No. 10/NS/AC/SRT-AIRPT/2024-25 dated 27.11.2024 (hereinafter referred to as "the impugned order") passed by the Assistant Commissioner, Customs, International Airport, Surat, (hereinafter referred to as "the adjudicating authority").

2. Briefly stated, facts of the case are that the appellant, on the basis of profiling, having Indian Passport No. R2627311 was intercepted by the officers of Customs, Air Intelligence Unit (hereinafter referred to as "AIU") on arrival at International Airport, Surat, on arrival from Sharjah by Air India Express Flight No IX-172 on 17.03.2024 while he was attempting to exit through green' channel without making any declaration to the Customs. The officers asked the appellant whether he had anything to declare in reply to which the appellant denied. Thereafter, the appellant was scanned with the hand-held metal detector. During scanning, a beep sound was heard when the hand-held metal detector was passed over the neck of the appellant. Upon frisking and physical search of the appellant, one metallic chain weighing 105.000 gms, which appeared to be made of 24 carat gold, was recovered from the appellant.

2.1 The Government Approved Valuer, Shri Vikasraj Juneja after examination and weighment of the said chain on his weighing scale, certified that the same is of 24 carat gold chain weighing 105.000 gms. having purity of 99%. The market value of gold chain is Rs.7,09,800/- and its Tariff value is Rs.6,12,045/- as per Notification No. 22/2024-Cus(NT) dated 15.03.2024 and 18/2024 Cus (NT) dated 07.03.2024.

2.2 The above mentioned 24 carat gold chain weighing 105.000 gms of purity 99% having market value Rs.7,09,800/- and tariff value Rs. 6,12,045/- recovered from the appellant was placed under seizure under the provisions of Section 110 of the Customs Act 1962 vide Seizure order dated 18.03.2024 under Panchnama proceedings dated 17/18.03.2024, on a reasonable belief that the said gold was smuggled into India and was liable for confiscation under provisions of the Customs Act, 1962.

2.3 Statement of the appellant was recorded on 18.03.2024 under Section 108 of the Customs Act, 1962, wherein he, inter-alia, stated that he is in textile business in Surat; that he has studied upto 9th Class; that he can read, write and understand English and Hindi Languages. Further,

he was shown and explained the panchnama dated 17/18.03.2024 drawn at International Airport, Surat by the officers of Customs AIU, International Airport, Surat which is in English and after understanding the same he put his dated signature on the panchnama in token of acceptance of the facts stated therein. He further stated that he had gone to Dubai on 25.02.2024 from Surat Airport to Sharjah Airport; that the 24 carat Gold chain recovered from his possession belongs to him; that his mother had gifted him one old gold chain and he had got it transformed into a new gold chain of 24 carat by purifying the same, that he had got the said gold chain transformed into 24 carat gold chain in India; that for the said work he had made payment in cash; that at present he did not have any bill/invoice/job work bill of transforming the 24 carat Gold chain; that the said chain is being used by him for wearing purpose; that he was not aware about the requirement of making declaration of said gold chain before Customs.

2.4 The appellant had actively involved himself in the instant case of smuggling of gold into India. The said appellant had improperly imported gold chain of 24 kt (99% purity) weighing 105.000 gms having market value of Rs. 7,09,800/- and tariff value of Rs. 6,12,045/-, without declaring it to the Customs, by way of concealment in person. He concealed the gold chain round his neck with a deliberate and malafide intention to smuggle the said gold into India and fraudulently circumventing the restrictions and prohibitions imposed under the Customs Act, 1962 and other allied Acts, Rules and Regulations. The gold improperly imported by him with commercial considerations without declaration before the proper officer of Customs cannot be treated as bonafide household goods or personnel effects. The appellant has thus contravened the Foreign Trade Policy 2015-20, 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 and DGFT Notification No. 36/2015-2020 dated 18.12.2019. By not declaring the value, quantity and description of the goods imported by him, the appellant 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.

2.5 The gold improperly imported by the appellant, by concealing the same in-person without declaring it to the Customs is thus liable for confiscation under Section 111(d), (i) and (j) 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. The appellant, by his above-described acts of omission and commission on his part has rendered himself liable to

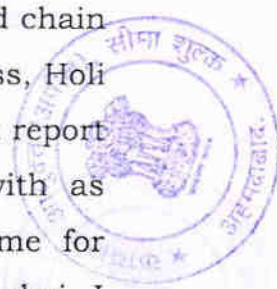
penalty under Section 112 of the Customs Act, 1962. As per Section 123 of the Customs Act, 1962, the burden of proving that the said improperly imported gold, weighing 105.000 gms, having market value of Rs.7,09,800/- and tariff value of Rs.6,12,045/- without declaring it to the Customs, are not smuggled goods, is upon the appellant.

2.6 A Show Cause Notice was issued to the appellant proposing for confiscation of one 24 carat gold chain (99% purity) weighing 105.000 gms., having market value of Rs.7,09,800/- and tariff value of Rs.6,12,045, seized vide Seizure Order dated 18.03.2024 under panchnama proceeding dated 17/18.03.2024 under Section 111(d), 111(i) and 111(j) of the Customs Act, 1962 and for imposition of penalty upon the appellant under Section 112 of the Customs Act, 1962.

2.7 The Adjudicating authority, vide the impugned order, has ordered for absolute confiscation of impugned gold item i.e. one 24 carat gold chain (99% purity) weighing 105.000 gms., having market value of Rs.7,09,800/- and tariff value of Rs.6,12,045/-, seized vide Seizure Order dated 18.03.2024 under panchnama proceeding dated 17/18.03.2024 under Section 111(d), 111(i) and 111(j) of the Customs Act, 1962. The adjudicating authority has also imposed penalty of Rs. 7,09,800/- on the appellant under Section 112 (b) of the Customs Act, 1962.

3. Being aggrieved with the impugned order, the appellant has filed the present appeal and mainly contended that;

- The gold chain was for personal use and there was no intention to smuggle gold. The 24 carat gold chain recovered by Customs Authority from my possession already belonged to me. My mother had gifted me 1 old gold chain which I transformed into a new gold chain of 24 carat by purifying the same in India. For the said work, I had made payment in cash. Further, I also got the said gold chain tested for purity by Om Testing Centre, Ramji Mandir ke pass, Holi chowk, Sheoganj-307027, Dist. Sirohi (Raj.). The copy of test report having S. No. 1129 dated 30.10.2022 is enclosed herewith as Annexure-VIII. The said gold chain was being used by me for wearing purpose. Accordingly, while going from Surat to Dubai, I had wore the said gold chain. The chain holds sentimental value for me and was not intended for sale purpose. Thus, the gold chain was for personal use and there was no intention to smuggle gold.
- The gold chain taken by me from Surat to Dubai was modified by M/s Marwan Gold Smith, Dubai and returned to me. While going from Surat to Dubai, I had wore the said gold chain. I had gone to



Dubai along with the gold chain because I wanted to have its design modified and improved in Dubai as Dubai is known to be a big gold market and latest designs of gold are available there. Accordingly, I went to M/s Marwan Gold Smith, Dubai and got the design of gold chain modified as per my choice. Thus, M/s Marwan Gold Smith, Dubai did some job work on the gold chain provided by me and returned me the gold chain. The invoice No. 01853 dated 12.03.2024 of M/s Marwan Gold Smith, Dubai is enclosed herewith.

- I failed to declare 105 gram gold chain with customs authorities that I had taken with me from Surat due to lack of knowledge. I was not having knowledge that the gold chain was required to be declared by me with customs authorities. I was under impression that the gold chain which I took from Surat to Dubai was used by me for wearing purpose and for personal use and thus there is no need to declare the same with the customs authorities. I was not aware about the procedures, rules, regulations and provisions of Customs Law and hence I failed to declare 105 gram gold chain with customs authorities that I had taken with me from Surat.
- My intention was never to evade customs duty and I regret my mistake. I am a law bidding citizen and I always follow the law of the land. I am not a habitual offender or carrier as the said incident took place only first time. Further, my intention was never to evade customs duty and I regret my mistake.
- The statement given by me has been wrongly quoted in impugned OIO and false conclusion has been arrived at. Such misquoting of statement by adjudicating authority is unpardonable and the impugned OIO is liable to be set aside on this ground only.
- The judgement referred in para 22 of the impugned OIO is not applicable in my case. In para 22 of impugned OIO, the adjudicating authority has given reference of judgement of Kerala High Court in the case of Abdul Razak. In the said case, the appellant is only a carrier i.e. professional smuggler smuggling goods on behalf of others for consideration. However, in my case, I am not neither a carrier, nor a professional smuggler smuggling goods on behalf of others for consideration. Also, no such allegation has been made on me in the Show Cause Notice that I am a carrier/professional smuggler. Thus, the judgement referred in para 22 of the impugned OIO is not at all applicable in my case.
- The judgement referred in para 23 of the impugned OIO is also not applicable in my case. In para 23 of impugned OIO, the



adjudicating authority has given reference of judgement of Samyanathan Murugesan. In the said case, there was concealment of gold, however, in my case there is no concealment of gold as discussed in para 9.5 above. Thus, the judgement referred in para 23 of the impugned OIO is also not at all applicable in my case.

- The instruction dated 10.05.1993 referred in para 24 of the impugned OIO is in my favour. In para 24 of impugned OIO, the adjudicating authority has given reference of instruction given by CBIC vide letter F. No. 49515/92-Cus.VI dated 10.05.1993 wherein it has been instructed that in respect of gold seized for non-declaration, option to redeem the same on redemption fine under Section 125 of the Customs Act, 1962 should be given where the adjudicating authority is satisfied that there was no concealment of the gold in question. In this regard, in my case, there is no concealment of gold as discussed in para 9.5 above. Thus, adjudicating authority should not have ordered for absolute confiscation of gold chain but should have given option to redeem the same on redemption fine under Section 125 of the Customs Act, 1962. Thus, the instruction dated 10.05.1993 referred in para 24 of the impugned OIO is also in my favour.
- The absolute confiscation of gold chain is wrong, hence option to redeem the same on redemption fine under Section 125 of the Customs Act, 1962 should have been given to me. In this regard, it is humbly to submit that the absolute confiscation of gold chain is wrong and option to redeem the same on redemption fine under Section 125 of the Customs Act, 1962 should have been given to me. I rely on following judgements and Board's instruction in this regard:
 - (i) Sapna Sanjeev Kohli Vs Commissioner of Customs, Airport, Mumbai, CESTAT, West Zonal Bench, Mumbai (Court No. I) 2008 (02) LCX0393.
 - (ii) Dhanak Madhusudan Ramji Vs Commissioner of Customs (Airport) Mumbai, CESTAT, West Zonal Bench, Mumbai (Court No. I) 2009 (01) LCX0089
 - (iii) Suresh Bhosle Vs Commissioner of Customs (Preventive) on 3 November, 2008 in the High Court of Calcutta
 - (iv) T. Elavarasan vs The Commissioner of Customs (Airport) on 28 February 2011 in the Madras High Court
 - (v) Board's instruction issued vide F. No. 495/5/92-Cus.VI, dated 10-05-1993
- In view of the submission as above, the absolute confiscation of gold chain is wrong, hence option to redeem the same on

redemption fine under Section 125 of the Customs Act, 1962 may kindly be given to me. If option to redeem the gold chain on redemption fine under Section 125 of the Customs Act, 1962 is not possible, then option to redeem the same on redemption fine and re-export should have been given to me.

He was not at all involved in the smuggling of gold chain, also there was no concealment of gold chain in the neck area of my body by me, moreover, not declaring the gold chain before the customs authorities was just due to lack of knowledge on my part. In view of the submission as above, it is humbly requested that no penalty may kindly be imposed under Section 112 (b) of the Customs Act, 1962 and oblige. In this regard, he relied upon the decision in the case of Manju Tahelani Vs Principal Commissioner of Customs, Ahmedabad passed by the Revisions Authority, Government of India, Mumbai

- In view of the submissions given in foregoing paras, in place of absolute confiscation of gold chain, an option to redeem the same on redemption fine under Section 125 of the Customs Act, 1962 may kindly be given to me and oblige. Further, under the circumstances as discussed above, the said redemption fine may kindly be kept as less as possible and oblige. Moreover, if option to redeem the gold chain on redemption fine under Section 125 of the Customs Act, 1962 is not possible then option to redeem the same on redemption fine and re-export may kindly be given to me. Also, no penalty may kindly be imposed upon me under the provisions of Section 112(b) of the Customs Act, 1962 and oblige.
- On the facts and under the circumstances of the case of the Appellants, the Honourable Appellate Authority, may be pleased to give an option to redeem the confiscation of gold chain on redemption fine as less as possible under Section 125 of the Customs Act, 1962. Also, if option to redeem the gold chain on redemption fine under Section 125 of the Customs Act, 1962 is not possible then option to redeem the same on redemption fine and re-export may kindly be given to me. It is further requested to drop the imposition of penalty under Section 112(b) of the Customs Act, 1962.



4. The appellant and Shri Surendra Gandhi, C.A., appeared for personal hearing in virtual mode on 13.01.2026. They reiterated the submissions made in the appeal memorandum.

5. I have gone through the facts of the case available on record, grounds of appeal and submission made by the appellant at the time of

personal hearing. It is observed that the issues to be decided in the present appeal are as under;

(a) Whether the impugned order directing absolute confiscation of the impugned gold item i.e. one 24 carat gold chain (99% purity) weighing 105.000 gms., having market value of Rs.7,09,800/- and tariff value of Rs.6,12,045/- without giving option for redemption under Section 125(1) of Customs Act, 1962, in the facts and circumstances of the case, is legal and proper or otherwise;

(b) Whether the quantum of penalty amounting to Rs. 7,09,800/- imposed on the appellant, under Section 112(b) of the Customs Act, 1962, in the facts and circumstances of the case, is legal and proper or otherwise.

6. It is observed that the appellant, on the basis of profiling, having Indian Passport No. R2627311 was intercepted by the officers of Customs, Air Intelligence Unit (hereinafter referred to as "AIU") on arrival at International Airport, Surat, on arrival from Sharjah by Air India Express Flight No IX-172 on 17.03.2024 while he was attempting to exit through green' channel without making any declaration to the Customs. The officers asked the appellant whether he had anything to declare in reply to which the appellant denied. Thereafter, the appellant was scanned with the hand-held metal detector. During scanning, a beep sound was heard when the hand-held metal detector was passed over the neck of the appellant. Upon frisking and physical search of the appellant, one metallic chain weighing 105.00 gms, which appeared to be made of 24 carat gold, was recovered from the appellant. The Government Approved Valuer, Shri Vikasraj Juneja after examination and weighment of the said chain on his weighing scale, certified that the same of 24 carat gold chain weighing 105.000 gms. having purity of 99%. The market value of gold chain is Rs.7,09,800/- and its Tariff value is Rs.6,12,045/-. The appellant did not declare the said gold before Customs with an intention to escape payment of duty. These facts have also been confirmed in the statement of the appellant recorded under Section 108 of the Customs Act, 1962 on the same day. There is no disputing the facts that the appellant had not declared possession of gold at the time of his arrival in India. Thereby, he has violated the provisions of Section 77 of the Customs Act, 1962 read with Regulation 3 of the Customs Baggage Declaration Regulations, 2013. These facts are not disputed.

6.1 I find that it is undisputed that the appellant had not declared the seized gold to the Customs on his arrival in India. Further, in his

statement, the appellant had admitted the knowledge, possession, carriage, non-declaration and recovery of the seized gold. The appellant had, in his confessional statement, accepted the fact of non-declaration of gold before Customs on arrival in India. Therefore, the confiscation of gold by the adjudicating authority was justified as the applicant had not declared the same as required under Section 77 of the Customs Act, 1962. Since the confiscation of the seized gold is upheld, the appellant had rendered himself liable for penalty under Section 112 of the Customs Act, 1962.

6.2 I have also perused the relevant decisions of the Government of India passed by the Principal Commissioner & ex officio Additional Secretary to the Government of India. I find that the Revisionary Authority has in all these cases taken similar view that failure to declare the gold and failure to comply with the prescribed conditions of import has made the impugned gold "prohibited" and therefore they are liable for confiscation and the appellant is consequently liable for penalty. Thus, it is held that the undeclared impugned gold item i.e. one 24 carat gold chain (99% purity) weighing 105.000 gms., having market value of Rs.7,09,800/- and tariff value of Rs.6,12,045/- are liable to confiscation and the appellant is also liable to penalty.

6.3 In this regard, I also rely the judgement of the Hon'ble Supreme Court in the case of Om Prakash Bhatia Vs Commissioner of Customs, Delhi 2003 (155) E.L.T. 423 (SC) wherein it is held that;

".....(a) if there is any prohibition of import or export of goods under the Act or any other law for the time being in force, it would be considered to be prohibited goods; and (b) this would not include any such goods in respect of which the conditions, subject to which the goods are imported or exported, have been complied with. This would mean that if the conditions prescribed for import or export of goods are not complied with, it would be considered to be prohibited goods. This would also be clear from Section 11 which empowers the Central Government to prohibit either 'absolutely' or 'subject to such conditions' to be fulfilled before or after clearance, as may be specified in the notification, the import or export of the goods of any specified description. The notification can be issued for the purposes specified in sub-section (2). Hence, prohibition of importation or exportation could be subject to certain prescribed conditions to be fulfilled before or after clearance of goods. If conditions are not fulfilled, it may amount to prohibited goods....."

It is apparent from the above judicial pronouncement that even though gold is not enumerated as prohibited goods under Section 11 of the



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Customs Act, 1962, but it is to be imported on fulfilment of certain conditions, still, if the conditions for such import are not complied with, then import of gold will fall under prohibited goods.

6.4 In respect of absolute confiscation of impugned gold item i.e. one 24 carat gold chain (99% purity) weighing 105.000 gms., having market value of Rs.7,09,800/- and tariff value of Rs.6,12,045/-, it is observed that the adjudicating authority in the instant case relying on the decisions of Hon'ble Supreme Court in the case of Om Prakash Bhatia Vs Commissioner of Customs, Delhi 2003 (155) E.L.T. 423 (SC), Hon'ble Kerala High Court in the case of Abdul Razak [2012 (275) ELT 300 (Ker), Hon'ble High Court of Madras in the case of SamynathanMurugesan [2009 (247) ELT 21 (Mad)], Malabar Diamond Gallery Pvt. Ltd [2016-TIOL-1664-HC-MAD-CUS], Hon'ble High Court of Madras in the case of P Sinnasamy [2016 (344) ELT 1154 (Mad)] and Order No 17/2019-Cus dated 07.10.2019 in F. No. 375/06/B/2017-RA of Government of India, Ministry of Finance, Department of Revenue – Revisionary Authority in the case of Abdul Kalam Ammangod Kunhamu, Hon'ble High Court of Delhi in the matter of Rameshwar Tiwari Vs. Union of India (2024) 17 Centax 261 (Del.) in the impugned order, had ordered for absolute confiscation of impugned gold item i.e. one 24 carat gold chain (99% purity) weighing 105.000 gms., having market value of Rs.7,09,800/- and tariff value of Rs.6,12,045/-.

6.5 I find that the Hon'ble CESTAT, Allahabad has in the case of COMMR. OF C. EX. & S.T., LUCKNOW V/s MOHD. HALIM MOHD. SHAMIM KHAN [2018 (359) E.L.T. 265 (Tri. – All.)] and in the case of COMMISSIONER OF C. EX. & S.T., LUCKNOW V/s ISLAHUDDIN KHAN [2018 (364) E.L.T. 168 (Tri. – All.)] has held that only prohibited goods cannot be released on payment of redemption fine and gold is not prohibited goods under the Customs Act or any other law in force and therefore cannot be absolutely confiscated in terms of Section 125 of the Customs Act, 1962 and upheld the order permitting release of such gold on payment of redemption fine in lieu of confiscation.

6.6 I have perused Section 125 of the Customs Act, 1962 and the same is reproduced as under:

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 [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:

[Provided that where the proceedings are deemed to be concluded under the proviso to sub-section (2) of section 28 or under clause (i) of sub-section (6) of that section in respect of the goods which are not prohibited or restricted, [no such fine shall be imposed] :

Provided further that], without prejudice to the provisions of the proviso to sub-section (2) of section 115, such fine shall not exceed the market price of the goods confiscated, less in the case of imported goods the duty chargeable thereon.

[(2) Where any fine in lieu of confiscation of goods is imposed under sub-section (1), the owner of such goods or the person referred to in sub-section (1), shall, in addition, be liable to any duty and charges payable in respect of such goods.]

[(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.

Explanation. — For removal of doubts, it is hereby declared that in cases where an order under sub-section (1) has been passed before the date on which the Finance Bill, 2018 receives the assent of the President and no appeal is pending against such order as on that date, the option under said sub-section may be exercised within a period of one hundred and twenty days from the date on which such assent is received.]

A plain reading of the above section shows that the Adjudicating Authority has no discretion in respect of goods which are not prohibited goods and he is bound to give an option of redemption. In case of prohibited goods, the Adjudicating Authority may allow redemption or may not allow redemption.

6.7 In this regard, I rely upon the decision of Hon'ble High Court of Allahabad in the case of COMMISSIONER OF CUS., ALIGANJ, LUCKNOW V/s RAJESH JHAMATMAL BHAT [2022 (382) E.L.T. 345 (All.)] wherein the Hon'ble High Court has held that Gold does not fall within the category of 'prohibited goods' and upheld the decision of Hon'ble Tribunal and Commissioner(Appeal) that the gold is not a prohibited item, it should be offered for redemption in terms of Section 125 of the Customs Act, 1962. The Hon'ble High Court had upheld the decision of Hon'ble Tribunal wherein the Hon'ble Tribunal had upheld the decision of Commissioner (Appeal) wherein 4076 grams of gold bars recovered from the specially designed cavities made in the shoes, valued at Rs. 1,09,98,018/- was allowed to be redeemed on payment of redemption fine and penalty. The Hon'ble Tribunal had reduced the redemption fine from 25,00,000/- to Rs 15,00,000/- and penalty was also reduced from 10,00,000/- to 5,00,000/- as ordered by the Commissioner (Appeal). The Hon'ble High Court observing that gold was not prohibited under the Foreign Trade Policy or



any other law for the time being in force and, therefore, there is no sufficient ground for absolute confiscation of the gold upheld the decision of Hon'ble Tribunal. The relevant paras are reproduced as under:

"19. Having given our thoughtful consideration to the rival submission made on behalf of the parties, we find that although as per the provisions contained in Section 2(1) of the Act, the Commissioner (Appeals) or the Appellate Tribunal are not included within the definition of the term "adjudicating authority" and, therefore, they cannot exercise the powers vested in the "officer adjudging" but the power conferred by Section 128A(3)(a) of the Act to "modify" the decision or order appealed against, is not at all curtailed by Section 2(1) of the Act and thus, in our considered opinion, the Commissioner (Appeals) has not exceeded his jurisdiction while modifying the order passed by the "adjudicating authority". The submission of Sri. Seth that Section 2(1) if the Act is a special provision and Section 128A is a general provision, is fallacious in this case for the reason that provisions of the entire Act have to be taken into consideration in their entirety to decipher the exact scheme of the Act as contemplated by the Legislature.

20. Moreover, we find that in the order dated 27-8-2018, the Commissioner (Appeals) has held that the import of gold was not prohibited under the Foreign Trade Policy or any other law for the time being in force and, therefore, there is no sufficient ground for absolute confiscation of the gold. This finding has not been reversed by the Tribunal as the Tribunal has affirmed the order passed by Commissioner (Appeals). Nothing has been placed before this Court to establish that this finding of the Commissioner (Appeals) is wrong or erroneous and that gold falls within the category of 'prohibited goods'. Therefore, we proceed to decide the appeal on the factual premise that Gold does not fall within the category of 'prohibited goods'.

21. Section 125 of the Act deals with confiscation of two separate categories of goods. It provides that in the case of goods, the importation or exportation whereof is prohibited under the Act or under any other law for the time being in force, the Officer adjudicating may give an option to pay in lieu of confiscation such fine as the said officer thinks fit. However, in case of any other goods, the officer adjudicating shall give an option to pay in lieu of confiscation such fine as the said officer thinks fit. The Commissioner (Appeals) has held that the gold is not a prohibited item, it should be offered for redemption in terms of Section

125 of the Act and this finding has not been assailed by the Appellants in this Appeal.

22. In view of the aforesaid discussion, our answer to the first substantial question of law framed in this Appeal is that the Additional Commissioner, Customs (P.) Commissionerate, Lucknow had passed the order of confiscation of Gold without taking into consideration the fact that Gold is not a prohibited item and, therefore, it should be offered for redemption in terms of Section 125 of the Act and thus the Customs Excise & Service Tax Appellate Tribunal, Allahabad has not committed any error in upholding the order dated 27-8-2018 passed by the Commissioner (Appeals) holding that Gold is not a prohibited item and, therefore, it should be offered for redemption in terms of Section 125 of the Act."

6.8 I find that the Hon'ble CESTAT, Ahmedabad has in the case of Commr. of C. Ex., Cus. & S.T., Surat-II Vs Dharmesh Pansuriya [2018 (363) E.L.T. 555 (Tri- Ahmd)] considered the decision of Hon'ble High Court of Madras in the case of Commissioner of Customs (Air) Chennai-I Vs P. Sinnasamy [2016 (344) E.L.T. 1154 (Mad)] and the decision of Hon'ble High Court of Bombay in the case of Commissioner Vs Alfred Menezes [2009 (242) E.L.T. 334 (Bom)], and were of the view that in case of prohibited goods as defined under Customs Act, 1962, the adjudicating authority may consider imposition of fine and need not invariably direct absolute confiscation of the goods. The relevant paras are reproduced hereunder:

"8. It is the argument of the Revenue that under the aforesaid provision, once the goods in question are prohibited goods under the Act, no discretionary power is left with the adjudicating authority for imposition of fine. We are afraid that the said plea of the Revenue may not find support from the principle of law laid down by the Hon'ble Bombay High Court in the case of Alfred Menezes case (supra). Their Lordships after analyzing the said provision of Section 125 of the Customs Act observed as follows:

3. It is, therefore, clear that Section 125(1) deals with two situations (1) the importation and exportation of prohibited goods and (2) the importation and exportation of any other goods. Insofar as importation or exportation of prohibited goods, the expression used is that where the goods were confiscated, the officer "may". In the case of any other goods, which are confiscated, the officer "shall".

4. It is, therefore, clear that insofar as the prohibited goods are concerned, there is discretion in the officer to release the confiscated



goods in terms as set out therein. Insofar as other goods are concerned, the officer is bound to release the goods. In the instant case, we are concerned with prohibited goods. The officer has exercised his discretion. The Tribunal [2009 (236) E.L.T. 587 (Tri. - Mum.)] has upheld the order of the adjudicating officer.

9. This principle is later followed by the Hon'ble Madras High Court recently in P. Sinnasamy's case (supra). Thus, in view of the aforesaid principle, even if the goods in question are considered as prohibited goods as defined under the Customs Act, the adjudicating authority may consider imposition of fine and need not invariably direct absolute confiscation of the goods. In these premises, thus to consider the issue raised at the bar that whether the gold bars removed from the Unit in SEZ without permission and contrary to the Circulars issued by RBI and Customs, became prohibited goods, or otherwise, in our view, becomes more an academic exercise and hence need not be resorted to.

10. The other argument advanced by the Ld. AR for the Revenue is that in view of the judgment of Hon'ble Madras High Court in P. Sinnasamy's case, discretion conferred under the provision cannot be arbitrary and it is to be exercised in judicious manner. From the finding of the Ld. Commissioner, we notice that even though he has not considered the goods as prohibited ones, observing it in the sense that these are not arms, ammunitions, narcotic substance, but after examining the fact that the gold bars were imported for its authorized use in the SEZ and after considering other extenuating circumstances, exercised discretion in directing confiscation of the gold bars removed unauthorizedly from the SEZ Unit with option to redeem the same on payment of fine. We find that in P. Sinnasamy's case (supra), the adjudicating authority has directed absolute confiscation of the gold smuggled into the country, which was set aside by the Tribunal, with a direction to the adjudicating authority to consider imposition of fine, which did not find favour from the Hon'ble High Court. Their Lordships observed that once the adjudicating authority has reasonably and correctly applied the discretion, it is not open to the Tribunal to give positive direction to the adjudicating authority to exercise option in a particular manner. Even though the facts and circumstances in the said case are different from the present one, inasmuch as in the said case the Commissioner has directed absolute confiscation, but in the present case option for payment of fine was extended by the Commissioner; however, the principle laid down therein is definitely applicable to the present case. Therefore, we do not find merit in the contention of the

Revenue that the Adjudicating authority ought to have directed absolute confiscation of the seized goods."

6.9 I have also gone through the judgement of Hon'ble Tribunal in the case of Commissioner of Cus. & C.Ex., Nagpur-I Vs Mohd. Ashraf Armar [2019 (369) E.L.T. 1654 (Tri Mumbai)] wherein the Hon'ble Tribunal, after considering the decision of Hon'ble Supreme Court in the case of Om Prakash Bhatia Vs Commissioner of Customs, Delhi 2003 (155) E.L.T. 423 (SC), has upheld the order of Commissioner (A) who set aside the order of absolute confiscation ordered by the adjudicating authority and allowed redemption of 1200.950 gm of concealed gold valued at Rs. 27,02,137/- on payment of fine of Rs 5,50,000/-. The relevant paras are reproduced hereunder:

"4. We have perused the case record as well as judgment passed by the Hon'ble Supreme Court, Delhi in Om Prakash Bhatia's case. Relevant interpretation of "prohibited goods", as made in para 9 of the said judgment is reproduced below for ready reference:

" From the aforesaid definition, it can be stated that (a) if there is any prohibition of import or export of goods under the Act or any other law for the time being in force, it would be considered to be prohibited goods; and (b) this would not include any such goods in respect of which the conditions, subject to which the goods are imported or exported, have been complied with. This would mean that if the conditions prescribed for import or export of goods are not complied with, it would be considered to be prohibited goods. This would also be clear from Section 11 which empowers the Central Government to prohibit either 'absolutely' or 'subject to such conditions' to be fulfilled before or after clearance, as may be specified in the notification, the import or export of the goods of any specified description. The notification can be issued for the purposes specified in sub-section (2). Hence, prohibition of importation or exportation could be subject to certain prescribed conditions to be fulfilled before or after clearance of goods. If conditions are not fulfilled, it may amount to prohibited goods. This is also made clear by this Court in Sheikh Mohd. Omer v. Collector of Customs, Calcutta and Others [(1970) 2 SCC 728] wherein it was contended that the expression 'prohibition' used in Section 11(d) must be considered as a total prohibition and that the expression does not bring within its fold the restrictions imposed by clause (3) of the Import (Control) Order, 1955. The Court negated the said contention and held thus: -

'...What clause (d) of Section 111 says is that any goods which are



imported or attempted to be imported contrary to "any prohibition imposed by any law for the time being in force in this country" is liable to be confiscated. "Any prohibition" referred to in that section applies to every type of "prohibition". That prohibition may be complete or partial. Any restriction on import or export is to an extent a prohibition. The expression "any prohibition" in Section 111(d) of the Customs Act, 1962 includes restrictions. Merely because Section 3 of the Imports and Exports (Control) Act, 1947, uses three different expressions "prohibiting", "restricting" or "otherwise controlling", we cannot cut down the amplitude of the words "any prohibition" in Section 111(d) of the Act. "Any prohibition" means every prohibition. In other words all types of prohibitions. Restrictions is one type of prohibition. From item (I) of Schedule I, Part IV to Import (Control) Order, 1955, it is clear that import of living animals of all sorts is prohibited. But certain exceptions are provided for. But nonetheless the prohibition continues".

5. Going by the bare reading of the said interpretation, it can be said that in the definition of prohibited goods in terms of Section 2(33) of the Customs Act, 1962, any such goods means any such restricted and prohibited goods and not any other goods. It is in this contest the whole analyses of prohibited goods is made by the Hon'ble Apex Court and not in respect of any other goods other than prohibited and restricted goods. Gold being a permitted goods for importation, cannot be said to be restricted goods in applying such an interpretation but ceiling on the maximum quantity that could be imported could never be equated with restriction or prohibition to such importation. Admittedly, appellant's intention to evade duty by suppressing such import is apparent on record for which Commissioner (Appeals) has rightly confirmed fine and penalty under relevant provisions of the Customs Act but absolute confiscation of gold, which is permitted to be imported to India, solely on the ground that it was brought in concealment cannot be said to be in conformity to law or contradictory to decision of Hon'ble Apex Court given in Om Prakash Bhatia's case. Hence the order.

6. Appeal is dismissed and the Order-in-Original No. 1/SBA/JC/CUS/2014, dated 27-5-2014 passed by the Commissioner (Appeals) is hereby confirmed."

6.10 It is further observed that in respect of absolute confiscation of gold bar, the judgment pronounced on 05.05.2023 in respect of Civil Misc. Review Application No. 156/2022 filed at Hon'ble High Court of Allahabad sitting at Lucknow, by the Commissioner of Customs, Lucknow is relevant wherein the Hon'ble High Court has upheld the decision of Hon'ble Tribunal who had upheld the decision of Commissioner (Appeals) that gold

is not prohibited item, it should be offered for redemption in terms of Section 125 of the Customs Act, 1962 and thus rejected the review application filed by the Commissioner of Customs, Lucknow. The relevant paras of the judgment are reproduced hereunder:

"16. In the present case, the Commissioner (Appeals) has held that the gold is not a prohibited item, it should be offered for redemption in terms of Section 125 of the Act. The Tribunal has recorded that the respondents had brought impugned Gold from Bangkok to Gaya International Airport without declaring the same to Customs Authorities and there was nothing to explain as to how the Customs authorities posted at Gaya International Airport could not detect such huge quantity of gold being removed from Gaya International Airport by passengers on their arrival and there was no explanation as to how the respondents procured gold before they were intercepted at Mughalsarai Railway Station and the Tribunal has dismissed the Appeals for the aforesaid reason and has affirmed the order passed by the Commissioner (Appeals) holding that the import of gold was not prohibited under the Foreign Trade Policy or any other law and, therefore, there is no sufficient ground for absolute confiscation of the gold.

17. Nothing was placed before this Court to challenge the finding of the Commissioner (Appeals), which was upheld by the Tribunal, that Gold is not a prohibited item, and nothing was placed before this Court to establish that this finding of the Commissioner (Appeals) was wrong or erroneous.

18. Even if the goods in question had been brought into India without following the conditions prescribed therefore and those fall within the category of prohibited condition, Section 125 of the Act provides that the Adjudicating Officer may give to the owner of such goods an option to pay fine in lieu of confiscation. Section 128 A of the Act confers powers on the Commissioner (Appeals) to pass such order, as he thinks just and proper, confirming, modifying or annulling the decision or order appealed against. In the present case, the Commissioner (Appeals) has modified the order of absolute confiscation by imposing penalty in lieu thereof, which was well within his power as per Section 128 A. The Tribunal has affirmed the order of the Commissioner (Appeals). This Court dismissed the



further Appeal filed by the Department, finding no illegality in the judgment passed by the Tribunal.

19. In view of the aforesaid discussion, we are of the view that the order passed by this Court refusing to interfere with the aforesaid order passed by the Tribunal does not suffer from any error, much less from an error apparent on the face of the record.

20. The review application lacks merits and, accordingly, the same is dismissed. “

6.11 Further, It is observed that in the decision vide Order No.355/2022-CUS (WZ)/ASRA/MUMBAI, dated 07.12.2022 of the Principal Commissioner & ex-officio Additional Secretary to Government of India, the Hon'ble Revisionary Authority, after going through the details of the case wherein the passenger had brought 02 gold bars of 01 kg each and 02 gold bars of 10 tolas each totally weighing 2233.2 grams wrapped with white coloured self-adhesive marking tape and concealed in both the watch pockets of black coloured trousers worn by him, relying on various decisions of High Court and Apex Court, has allowed gold to be redeemed on payment of redemption fine. The relevant paras of the order are reproduced hereunder:

“16. Once goods are held to be prohibited, Section 125 still provided discretion to consider release of goods on redemption fine. Hon'ble Supreme Court in case of M/s Raj Grow Impex (CIVIL APPEAL NO(s). 2217-2218 of 2021 Arising out of SLP(C) Nos. 14633-14634 of 2020- Order dated 17.06.2021) has laid down the conditions and circumstances under which such discretion can be used. The same are reproduced below:

71. Thus, when it comes to discretion, the exercise thereof has to be guided by law; has to be according to the rules of reason and justice; and has to be based on the relevant considerations. The exercise of discretion is essentially the discernment of what is right and proper; and such discernment is the critical and cautious judgment of what is correct and proper by differentiating between shadow and substance as also between equity and pretence. A holder of public office, when exercising discretion conferred by the statute, has to ensure that such exercise is in furtherance of accomplishment of the purpose underlying conferment of such power. The requirements of reasonableness,

rationality, impartiality, fairness and equity are inherent in any exercise of discretion; such an exercise can never be according to the private opinion.

71.1. It is hardly of any debate that discretion has to be exercised judiciously and, for that matter, all the facts and all the relevant surrounding factors as also the implication of exercise of discretion either way have to be properly weighed and a balanced decision is required to be taken.

17.1 Government further observes that there are catena of judgements, over a period of time, of the Hon'ble Courts and other forums which have been categorical in the view that grant of the option of redemption under Section 125 of the Customs Act, 1962 can be exercised in the interest of justice. Government places reliance on some of the judgements as under:

(a) In the case of Commissioner of Customs, Aliganj, Lucknow vs Rajesh Jhamatmal Bhat 2022(382) E.L.T. 345 (All), the Lucknow bench of the Hon'ble High Court of Allahabad, has held at para 22 that "Customs Excise & Service Tax Appellate Tribunal, Allahabad has not committed any error in upholding the order dated 27-8-2018 passed by the Commissioner (Appeals) holding that Gold is not a prohibited item and, therefore, it should be offered for redemption in terms of Section 125 of the Act."

(b) The Hon'ble High Court of Judicature at Madras, in the judgement in the case of Shik Mastani Bi vs. Principal Commissioner of Customs, Chennai-I [2017(345) E.L.T. 201 (Mad)] upheld the order of the Appellate Authority allowing re-export of gold on payment of redemption fine.

(c) The Hon'ble High Court of Kerala at Ernakulam in the case of R. Mohandas vs. Commissioner of Cochin [2016(336) E.L.T. 399 (Ker)] has, observed at para 8 that "The intention of Section 125 is that, after adjudication, the Customs Authority is bound to release the goods to any person from whose custody such goods have been seized...."

(d) Also, in the case of Union of India vs Dhanak M Ramji [2010(252) E.L.T. A102 (SC)], the Hon'ble Apex Court vide its judgement dated 08.03.2010 upheld the decision of the Hon'ble High Court of Judicature at Bombay [2009(248) E.L.T. 127 (Bom)], and approved redemption of absolutely confiscated goods to the passanger.



18.1 For the reasons cited above, Government finds that this is not a case of impersonation as construed by the lower authorities. Also, for the reasons cited above, it would be inappropriate to term the appellant as habitual offender. In the instant case, the impugned gold bars were kept by the applicant on his person i.e., in the pockets of the pants worn by him. Government observes that sometimes passengers resort to such innovative methods to keep their valuables / precious possessions safe. Also, considering the issue of parity and fairness as mentioned above, Government finds that this is a case of non-declaration of gold.

18.2 Government finds that all these facts have not been properly considered by the lower authorities while absolutely confiscating the (02) two FM gold bars of 1 kg each and two gold bars of 10 tolas each, totally weighing 2233.2 grams and valued at Rs 58,26,977/-. Also, observing the ratio of the judicial pronouncements cited above, Government arrives at the conclusion that decision to grant the option of redemption would be appropriate in the facts and circumstances of the instant case. Therefore, the Government maintains confiscation of gold bars but allows the impugned gold bars to be redeemed on payment of a redemption fine.

19 The Government finds that the penalty of Rs 6,00,000/- imposed under Section 112 (a) & (b) by the original authority and upheld by the AA is commensurate with the omission and commissions committed. Government finds the quantity of the penalty as appropriate.

20. In view of the above, the Government modifies the OIA passed by the AA to the extent of absolute confiscation of the gold bars i.e. (02) two FM gold bars of 1 kg each and two gold bars of 10 tolas each, totally weighing 2233.2 grams and valued at Rs 58,26,977/- and grants an option to the applicant to redeem the same on payment of a redemption fine of Rs 12,00,000/- (Rupees Twelve Lakhs only). The penalty of Rs 6,00,000/- imposed by OAA and upheld by AA is sustained.

21 Accordingly, Revision Application is decided on the above terms."

6.12 Further, It is observed that in the recent decision vide Order No 516-517/2023-CUS (WZ)/ASRA/MUMBAI, dated 30.06.2023 of the Principal Commissioner & ex-officio Additional Secretary to Government of India, the Hon'ble Revisionary Authority, after going through the details of the case wherein the passenger was wearing brown coloured cloth belt

fastened around her abdomen and when the belt was cut open resulted in recovery of brown coloured powder with water pasted in glue, purported to containing gold weighing 2800 grams (gross). The Hon'ble revisionary authority relying on various decisions of High Court and Apex Court, has allowed gold to be redeemed on payment of redemption fine. The relevant paras of the order are reproduced hereunder:

"10. Once goods are held to be prohibited, Section 125 still provided discretion to consider release of goods on redemption fine. Hon'ble Supreme Court in case of M/s Raj Grow Impex (CIVIL APPEAL NO(s). 2217-2218 of 2021 Arising out of SLP© Nos. 14633-14634 of 2020- Order dated 17.06.2021) has laid down the conditions and circumstances under which such discretion can be used. The same are reproduced below:

71. Thus, when it comes to discretion, the exercise thereof has to be guided by law; has to be according to the rules of reason and justice; and has to be based on the relevant considerations. The exercise of discretion is essentially the discernment of what is right and proper; and such discernment is the critical and cautious judgment of what is correct and proper by differentiating between shadow and substance as also between equity and pretence. A holder of public office, when exercising discretion conferred by the statute, has to ensure that such exercise is in furtherance of accomplishment of the purpose underlying conferment of such power. The requirements of reasonableness, rationality, impartiality, fairness and equity are inherent in any exercise of discretion; such an exercise can never be according to the private opinion.

71.1. It is hardly of any debate that discretion has to be exercised judiciously and, for that matter, all the facts and all the relevant surrounding factors as also the implication of exercise of discretion either way have to be properly weighed and a balanced decision is required to be taken.

11. A plain reading of Section 125 shows that the Adjudicating Authority is bound to give an option of redemption when the goods are not subject to any prohibition. In case of prohibited goods, such as, the gold, the Adjudicating Authority may allow redemption. There is no bar on the Adjudicating Authority allowing redemption of prohibited goods. This exercise of discretion will depend on the nature of goods and the nature of prohibition. For instance, spurious drugs, arms, ammunition, hazardous goods, contaminated flora or fauna, food which does not meet the food safety standards, etc. are harmful to the society if allowed to find their way into the domestic market. On the other hand, release of certain goods on redemption fine, even though the same becomes prohibited as condition of import have not been satisfied, may not be harmful to the society at large. Thus, Adjudicating Authority can allow redemption under Section 125 of any goods which are prohibited either under the Customs Act or any other law on payment of fine.

12.1 Government further observes that there are catena of judgements, over a period of time, of the Hon'ble Courts and other



forums which have been categorical in the view that grant of the option of redemption under Section 125 of the Customs Act, 1962 can be exercised in the interest of justice. Government places reliance on some of the judgements as under:

(a) In the case of Commissioner of Customs, Aliganj, Lucknow vs Rajesh Jhamatmal Bhat 2022(382) E.L.T. 345 (All), the Lucknow bench of the Hon'ble High Court of Allahabad, has held at para 22 that "Customs Excise & Service Tax Appellate Tribunal, Allahabad has not committed any error in upholding the order dated 27-8-2018 passed by the Commissioner (Appeals) holding that Gold is not a prohibited item and, therefore, it should be offered for redemption in terms of Section 125 of the Act."

(b) The Hon'ble High Court of Judicature at Madras, in the judgement in the case of ShikMastani Bi vs. Principal Commissioner of Customs, Chennai-I [2017(345) E.L.T. 201 (Mad)] upheld the order of the Appellate Authority allowing re-export of gold on payment of redemption fine.

(c) The Hon'ble High Court of Kerala at Ernakulam in the case of R. Mohandas vs. Commissioner of Cochin [2016(336) E.L.T. 399 (Ker)] has, observed at para 8 that "The intention of Section 125 is that, after adjudication, the Customs Authority is bound to release the goods to any person from whose custody such goods have been seized...."

(d) Also, in the case of Union of India vs Dhanak M Ramji [2010(252) E.L.T. A102 (SC)], the Hon'ble Apex Court vide its judgement dated 08.03.2010 upheld the decision of the Hon'ble High Court of Judicature at Bombay [2009(248) E.L.T. 127 (Bom)], and approved redemption of absolutely confiscated goods to the passanger.

12.2 Government, observing the ratios of the above judicial pronouncements, arrives at the conclusion that decision to grant the option of redemption would be appropriate in the facts and circumstances of the instant case.

13 Government notes that the quantity of impugned gold dust (converted into bars) under import, is neither substantial nor in commercial quantity. The appellant claimed ownership of the impugned gold and stated that the same was brought for marriage purpose. There are no other claimants of the said gold. There is no allegation that the appellants are habitual offenders and was involved in similar offence earlier. The fact of the case indicates that it is a case of non-declaration of gold, rather than a case of smuggling for commercial considerations. The absolute confiscation of the impugned gold, leading to dispossession of the gold in the instant case is therefore harsh and not reasonable. Government considers granting an option to the appellant to redeem the gold on payment of a suitable redemption fine, as the same would be more reasonable and judicious.

14. In view of above, the Government modifies the impugned order of the Appellate Authority in respect of the impugned gold seized from the appellant. The seized gold from the appellant 1 i.e. impugned gold bars weighing 1417.6189 grams with purity of 994.40% and 01 muster

weighing 19.1384 grams with purity of 981.40%, totally weighing 1478.3415 grams and totally valued at Rs 41,07,735/- is allowed to be redeemed on payment of a fine of Rs 8,10,000/- (Rupees Eight Lakh Ten Thousand only)."

6.13 Further, the Principal Commissioner & ex-officio Additional Secretary to Government of India in the Order No 380/2022-CUS (WZ)/ASRA/MUMBAI, dated 14.12.2022, wherein the applicant was carrying 270 grams of gold dust which has been ingeniously concealed by pasting it with glue in between two t shirt worn by him, had finally held that since the appellant is not a habitual offender and was not involved in the similar offence earlier and it is a case of non-declaration of gold, rather than a case of smuggling for commercial considerations. With this observation absolute confiscation was set aside and gold was allowed to be redeemed on payment of redemption fine

6.14 Further, the Principal Commissioner & ex-officio Additional Secretary to Government of India in the Order No 67/2023-CUS (WZ)/ASRA/MUMBAI, dated 30.01.2023, on recovery of two gold bars of 01 kg each and 02 gold bars of 10 tolas each concealed in the pant worn, totally weighing 2232 grams valued at Rs 58,23,846/- upheld the decision of Appellate Authority allowing redemption of gold bars on payment of redemption fine of Rs 11,00,000/- and upheld the penalty of Rs 6,00,000/- imposed by the Original Adjudicating Authority and upheld by the Appellate Authority observing that the concealment was not ingenious, the passenger was not habitual offender and involved in the similar offence earlier, there was nothing on record that he was part of an organised smuggling syndicate. The Government found that this was a case of non-declaration of gold and held that absolute confiscation of the impugned gold leading to dispossession of gold would be harsh and not reasonable. With this observation the order of Appellate Authority granting an option to redeem the gold on payment of redemption fine was upheld.

6.15 Further, the Principal Commissioner & ex-officio Additional Secretary to Government of India in the recent decision vide Order No 68/2024-CUS (WZ)/ASRA/MUMBAI, dated 24.01.2024, in the case of Mr Kasmani Asif Abdul Aziz wherein the passenger had kept three gold kadiwali chains and two gold pendants in a transparent plastic pouch kept in pant pocket totally weighing 1200 grams of 24 kt having 999.0 purity valued at Rs. 35,22,816/- (Tariff value) and Rs. 39,02,400/- (Market value) had finally held that since quantum of gold is not commercial and the applicant was in possession of invoice for purchase of gold jewellery, concealment was not ingenious, the passenger is not a habitual offender



and was not involved in the similar offence earlier and not a part of organised smuggling syndicate, it is a case of non-declaration of gold, rather than a case of smuggling for commercial considerations. With this observation absolute confiscation was set aside and gold was allowed to be redeemed on payment of redemption fine.

6.16 In view of above decisions of the Principal Commissioner & ex-officio Additional Secretary to Government of India, I am of the considered view that in present case also there is no allegation that the appellant is habitual offender and was involved in similar offence earlier. The appellant was not a part of organised smuggling syndicate. The appellant during adjudication as recorded in the impugned order submitted that he is a small businessman and not familiar with Customs law and procedures. He purchased the gold chain for sole personal use. He claimed ownership of the gold chain and ready to pay appropriate customs duties and penalty as proposed. Thus, there is no dispute in respect of the ownership of the seized gold. There is nothing on record to suggest that the concealment was ingenious as the seized gold was recovered during frisking. The investigation of the case has not brought any smuggling angle but the investigation suggest that this is case of non-declaration of gold with intention of non-payment of Customs duty. Further, a copy of appeal memorandum was forwarded to the adjudicating authority for his comment and submission of case laws on similar matter but no reply was received till date. The fact of the present case also indicates that it is a case of non-declaration of gold, rather than a case of smuggling for commercial consideration. The absolute confiscation of impugned gold, leading to dispossession of the gold in the instant case is, therefore, harsh. Therefore, following the decisions of Principal Commissioner & ex-officio Additional Secretary to Government of India, the decision of Hon'ble High Court of Allahabad sitting at Lucknow in the Civil Misc Review Application No 156/2022 filed by Commissioner of Customs, Lucknow, and the decision of Hon'ble Tribunal, Ahmedabad and Mumbai as detailed in the above paras, I am of the considered view that the absolute confiscation of impugned gold item i.e. one 24 carat gold chain (99% purity) weighing 105.000 gms., having market value of Rs.7,09,800/- and tariff value of Rs.6,12,045/- is harsh. I, therefore, set aside the absolute confiscation ordered by the adjudicating authority in the impugned order and allow redemption of impugned gold item i.e. one 24 carat gold chain (99% purity) weighing 105.000 gms., having market value of Rs.7,09,800/- and tariff value of Rs.6,12,045/-, on payment of fine of Rs 1,25,000/- in addition to the duty

chargeable and any other charges payable in respect of the goods as per Section 125(2) of the Customs Act, 1962.

6.16 Further, in respect of imposition of penalty amounting to Rs 7,09,800/- on the appellant for non-declaration of impugned gold item i.e. one 24 carat gold chain (99% purity) weighing 105.000 gms., having market value of Rs.7,09,800/- and tariff value of Rs.6,12,045/-, following the decisions of Principal Commissioner & ex-officio Additional Secretary to Government of India, the decision of Hon'ble High Court of Allahabad sitting at Lucknow in the Civil Misc Review Application No 156/2022 filed by Commissioner of Customs, Lucknow, and the decision of Hon'ble Tribunal, Ahmedabad, Mumbai and Allahabad as detailed in the above paras, I am of the considered view that penalty of Rs. 7,09,800/- ordered by the adjudicating authority in the impugned order is harsh. Therefore, I reduce the penalty to Rs. 75,000/-.

6.17 The fine and penalty of the above amount will not only eliminate any profit margin, if any, but will also have a positive effect on the applicant to ensure strict compliance of law in future.

7. In view of above the appeal filed by the appellant is disposed off in the above terms.

सत्यापित/ATTESTED

अधीक्षक/SUPERINTENDENT
सीमा शुल्क (अपील्स), अहमदाबाद,
CUSTOMS (APPEALS), AHMEDABAD

(AMIT GUPTA)
COMMISSIONER (APPEALS)
CUSTOMS, AHMEDABAD.

By Registered Post A.D.

F.No. S/49-256/CUS/AHD/2024-25
To, 5764

Dated -12.02.2026

- (i) ✓ Shri Laxmankumar Bhagaji Purohit
S/o Shri Bhagaji Vajigji Purohit, C-177,
Reshma Row House, Near Kenal Puna Patia,
Puna Magob Road, Magob, Surat City, Pin-395010, Gujarat,

Copy to:

1. The Principal Chief Commissioner of Customs Gujarat, Customs House, Ahmedabad.
2. The Principal Commissioner of Customs, Customs, Ahmedabad.
3. The Deputy/Assistant Commissioner of Customs, International Airport, Surat.
4. Guard File



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અમદાવાદ

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