



आयुक्त, सीमाशुल्क (सामान्य) का कार्यालय
OFFICE OF THE COMMISSIONER OF CUSTOMS (GENERAL),
नवीन सीमाशुल्क भवन, बेलाई इस्टेट, मुंबई -400001. NEW CUSTOM
HOUSE, BALLARD ESTATE, MUMBAI - 400001.

सचिका सं./F. No.- GEN/CB/120/2025-CBS

आदेश दिनांक/Date of Order: 10.02.2026

CAO No./38/2025-26/CAC/CC(G)/SJS/Adj-CBS जारी दिनांक/Date of issue: 13.02.2026

संख्या:

DIN:- 2026027700000000A1AB

द्वारा जारी : श्रद्धा जोशी शर्मा

Issued By : Shraddha Joshi Sharma

आयुक्त, सीमाशुल्क (सामान्य)

Commissioner of Customs (Gen.)

मुंबई -400 001

Mumbai - 400 001

ORDER-IN-ORIGINAL मूल आदेश**ध्यान दीजिए/ N.B. :**

1. यह प्रति उस व्यक्ति को निजी उपयोग हेतु निःशुल्क प्रदान की जाती है, जिसे यह जारी की जा रही है।
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2. इस आदेश के विरुद्ध अपील माँगे गए राशी के 7.5% के भुगतान पर सीमाशुल्क अधिनियम, 1962 की धारा 129A(1B)(i) के संबंध में सीमाशुल्क, केंद्रीय उत्पाद शुल्क एवं सेवाकर अपील अधिकरण में स्वीकार्य है, जहाँ शुल्क या शुल्क एवं जुर्माना विवादित हों, या जुर्माना, जहाँ सिर्फ जुर्माना ही विवादित हो। यह अपील इस आदेश के संप्रेषण की तारीख के तीन महीने के अंदर दायर की जाएगी। यह अपील सीमाशुल्क, केंद्रीय उत्पाद शुल्क एवं सेवाकर अपील अधिकरण नियमावली (कार्यविधि), 1982, के प्रावधानों के अंतर्गत, यथोत्खंडपीठ में स्वीकार्य है।

An appeal against this order lies with the Customs, Central Excise and Service Tax Appellate Tribunal in terms of section 129A(1B)(i) of the Customs Act, 1962, on payment of 7.5% of the amount demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute. It shall be filed within three months from the date of communication of this order. The appeal lies with the appropriate bench of the Customs, Central Excise and Service Tax Appellate as per the applicable provisions of the Customs, Excise and Service Tax Appellate Tribunal (Procedure) Rules, 1982.

3. यह सूचित किया जाता है की इस आदेश के अमल में आते ही, न्याय निर्णयन अधिकारी का अधिकार क्षेत्र समाप्त होता है और सीमाशुल्क, केंद्रीय उत्पाद शुल्क एवं सेवाकर अपील अधिकरण, पश्चिम क्षेत्रीय खंडपीठ, के M/s Knowledge Infrastructure Systems Pvt. Ltd. & Others vs ADG, DRI, Mumbai के संदर्भ में जारी आदेश क्रमांक A/86617-86619/2018 दिनांक के अनुसार न्यायिक आदेश तदोउ 31.05.2018 प्राप्त न्याय निर्णयन अधिकारी 'functus officio' बन जाता है

It is informed that the jurisdiction of the Adjudicating Authority stands alienated with the conclusion of the present adjudication order and the Adjudicating Authority attains the status of 'functus officio' as held by Hon'ble CESTAT, Mumbai in its decision in the case of M/s Knowledge Infrastructure Systems Pvt. Ltd. &

Others vs ADG, DRI, Mumbai vide Order No. A/86617-86619/2018 dated 31.05.2018.

4. यदि एक ही प्रकरण में उसी पक्षकार के विरुद्ध कई कारण बताओ नोटिस लगाकर आदेश पारित किया जाता है तो प्रत्येक प्रकरण में अलग अपील दायर की जाए।

In case where an order is passed by bunching several show cause notices on an identical issue against the same party, separate appeal may be filed in each case.

5. यह अपील फॉर्म C.A.-3 में दायर की जानी चाहिए जो कि सीमाशुल्क नियमावली (अपीलस), 1982 के नियम में उल्लेखित व्यक्ति 2 के उपनियम 3 के तहत निर्धारित है एवं उसी नियमावली के नियम 6 द्वारा हस्ताक्षरित एवं सत्यापित की जाएगी।

The Appeal should be filed in Form C.A.-3 prescribed under Rule 6 of the Customs (Appeals) Rules, 1982 and shall be signed and verified by the person specified in sub-rule 2 of rule 3 rules ibid.

6. (i) यदि प्रतिवादित आदेश, जिसके विरुद्ध अपील की गई है, में शुल्क एवं मांगे गए ब्याजबलगाएगए जुर्माने की राशि रु-/1000 पाँच लाख या इस से कम होतो रु ., (ii)यदि यह राशि रुपाँच लाख से अधिक) एवं -/5000 .हो किंतु पचास लाख से अधिक न होतो रुiii) यदि यह राशि रुपचास लाख से अधिक होतो के शुल्क -/10000 .रु का भुगतान क्रॉसड बैंक ड्राफ्ट के माध्यम से अधिकरण की खंडपीठ के सहायक पंजीयक के पक्ष में जिस स्थान पर खंडपीठ स्थित है, के किसी भी राष्ट्रीय क्रत बैंक की शाखा में किया जाए एवं डिमांड ड्राफ्ट अपील के साथ संलग्न किया जाए।

A fee of (i) Rs. 1000/- in case where the amount of duty and interest demanded and the penalty imposed in the impugned order appealed against is Rupees Five Lakhs or less, (ii) Rs. 5000/- in case where such amount exceeds Rupees Five Lakhs but not exceeding Rupees Fifty Lakhs and (iii) Rs. 10000/- in case where such amount exceeds Rupees Fifty Lakhs, is required to be paid through a crossed bank draft in favour of the Assistant registrar of the Bench of the Tribunal on a branch of any nationalized bank located at the place where the bench is situated and demand draft shall be attached to the Appeal.

7. अपील की एक प्रति में कोर्ट फी अधिनियम, 50 के तहत निर्धारित रु 6 की अनुसूची मद 1870 का कोर्ट फी स्टैम्प लगा होना चाहिए एवं इसके साथ संलग्न इस आदेश की उक्त प्रति में रु 50 का कोर्ट फी स्टैम्प लगा होना चाहिए।

One copy of the Appeal should bear a Court Fee Stamp of Rs. 50 and said copy of this order attached therein should bear a Court Fee Stamp of Rs. 50 as prescribed under Schedule item 6 of the Court Fee Act, 1870, as amended.

Brief Facts of the Case:

M/s P.G. Goswamy, Customs Broker (CB License No. 11/1690; PAN-AEYPG1162K) having registered office address as 2nd Floor, 11 Shree Krishna Bhavan CHS Ltd., Sutar Pakhadi Road, Sahar Village, Andheri East, Mumbai Sub Urban, Maharashtra- 400099. (hereinafter referred to as the Customs Broker/ CB) is holder of Customs Broker License No. (11/1690), issued by the Commissioner of Customs, Mumbai under Regulation 9(1)/9(2) of the CHALR, 2004 (now regulation 7(2) of the CBLR, 2018) and as such they are bound by the regulations and conditions stipulated therein.

2. An Offence report in the form SCN vide no. 08/PC/NOIDA/CUS/2024-25 dated 12.02.2025 issued by the Pr. Commissioner of Customs, Noida along with letter vide F. No. DRI/2024HQ-CI/B-Cell/50D/Enq-09/2024/(Pt.I)/193 dated 12.02.2025 issued by the Additional Director, DRI/Delhi was received in CB Section, NCH, Mumbai through official e-mail of DRI, HQ, New Delhi, wherein, inter-alia, the following were informed:

2.1 Directorate of Revenue Intelligence (DRI), Delhi received specific intelligence that a number of importers were involved in import of unbranded sanitary items and other miscellaneous generic goods at ICD Dadri Noida, Uttar Pradesh. It was further informed that the description of goods will be generic so that correct item details and value of the goods can't be ascertained by the Customs Authorities. The goods were mis-declared and undervalued so as to evade the applicable customs duties. Acting on the same, goods imported by various importers vide 27 containers were put on hold by DRI vide letter dated 15.05.2023 and 16.05.2023. Further, it was informed that their office was investigating cases of import of undervalued and mis-declared goods by some persons using dummy IECs at ICD Dadri. On the basis of records available, it was observed that Customs Broker M/s P.G. Goswamy (CB License No. 11/1690; PAN-AEYPG1162K) had filed the Bills of Entry on behalf of dummy importers. The list of such IECs is as under: -

TABLE-I		
Sr. No.	NAME OF THE IMPORTER	IEC
1.	Shree Ram Economical Traders	0517540665
2.	Shri Jee Enterprises	CXMPK2898H
3.	VG Enterprises	BCVPG0412J
4.	Shri Shiva Traders	AECFS5060G

5.	Star Enterprises	AERFS1190Q
6.	Shree Shyam Corporation	AYAPVS8190L
7.	Shree Samanth Trade Impex	KTIPK8792L
8.	Shri Santhil Enterprises	AHTPN3139K

2.2 During the course of investigation, it was also revealed the M/s P.G. Goswamy had rented their Customs Broker License to Shri Manoranjan Kumar, Controller of M/s SS Mommy International Pvt. Ltd., in lieu of some monetary gains. To investigate the matter further, various summons were issued to M/s P. G. Goswamy for recording of statement and submission of documents required for investigation. However, they failed to appear against the summons and also did not submit any documents. Accordingly, non-compliance had been initiated against them in Patiala House Court, New Delhi. Thus, by the act of non-appearance on summons and non-submission of documents, it appeared that the CB M/s P.G. Goswamy had not cooperated in the investigation and had tried to delay the investigation. Therefore, DRI, Delhi requested this office to take appropriate action against M/s P.G. Goswamy under CBLR, 2018 read with the Customs Act, 1962.

2.3 As per subject SCN issued by Noida Customs, the investigation was initiated in relation to goods imported by M/s. VG Enterprises (IEC-BCVPG0412J) and M/s. Shri Jee Enterprises (IEC-CXMPK2898H) which were put on hold by DRI vide letter DRI F. No. DRI/HQ-CI/B-Cell/50D/Misc-20/2023/914 dated 11.05.2023 and letter of even no 982-983 both dated 16.05.2023 to examine the goods so as to ascertain the correctness of the declarations viz description of goods and value of goods etc., made by the importer in the subject Bills of Entry. The details of the Bills of Entry filed by MS VG Enterprises and M/s Shri Jee Enterprises are as under: -

Sr. No.	B/E No.	B/E Date	Sr. No.	B/E No.	B/E Date
1.	5576358	02.05.2023	10.	5910562	11.05.2023
2.	5776357	02.05.2023	11.	5910556	11.05.2023
3.	5774470	02.05.2023	12.	5929840	12.05.2023
4.	5843780	07.05.2023	13.	5929841	12.05.2023
5.	5876157	09.05.2023	14.	5929842	12.05.2023
6.	5876159	09.05.2023	15.	5929839	12.05.2023
7.	5876161	09.05.2023	16.	5945590	13.05.2023
8.	5893453	10.05.2023	17.	5762103	01.05.2023
9.	5893416	10.05.2023			

2.4 The goods imported by M/s. VG Enterprises and M/s. Shri Jee Enterprises at ICD Dadri were examined by DRI officers in the presence of the representative of the importers, Custom Broker and respective Custodians. The examination proceedings were recorded under various Panchanamas dated 15/16.05.2023, 18/19.05.2023, 19/20.05.2023, 22.05.2023, 24.05.2023, 25.05.2023 and 29.05.2023.

2.5 Further, it appeared that the description of the goods mentioned in the Bills of Entry by the importers was very generic wherein the size of item, material used in making, other required specifications, quality were not mentioned, for example Mini Hammer, Bearings, parts of E-rickshaws, shower head, flange, Tap, Angle Valve, Fuel pump motor, Fuel pump for two-wheeler, Plastic Insert Inner Part (sanitary fitting) etc. Also, it appeared that this modus had been adopted to avoid proper identification, determination of correct value and other compliances by customs authorities. Further, as the goods appeared to be undervalued the same were placed under detention 15/16.05.2023, 18/19.05.2023, 19/20.05.2023, 22.05.2023, 24.05.2023, 25.05.2023 and 29.05.2023 and Supurdagi of the detained goods was handed over to the custodian vide Supardaginama dated 15/16.05.2023, 18/19.05.2023, 19/20.05.2023, 22.05.2023, 24.05.2023, 25.05.2023 and 29.05.2023.

2.6 Further, as per the IEC details, Sh. Vinit Garg was Proprietor of M/s. VG Enterprises and Sh. Ravi kumar was Proprietor of M/s. Shri Jee Enterprises. Both the firms were registered at Upper Ground Floor, Shop No UG-5-B Plot No 28, Community Centre Pitampura, Landmark Near Wine Shop Delhi, North West Delhi-110034. Accordingly, during further investigation, the above-mentioned premises were searched and it was observed that only a sign board was hanging at the entrance of shop cum office of the importers and no computer/desktop/laptop was found inside the office premises. The search proceedings were recorded by DRI officers under Panchanama dated 19.05.2023. Therefore, it appeared that said office was not functional and no business activities were being conducted from the said premises.

2.7 Also, during the examination proceedings, it was revealed that goods imported by M/s.VG Enterprises and M/s. Shri Jee Enterprises were cleared by Customs Brokers

namely M/s. P.G. Goswamy (License No. 11/1690) & M/s. Rajesh Tripathi (License No. 02/CHA/RPR/2007). It was also revealed that both the CB licenses were obtained by M/s. SS Mommy International Private Limited on rental basis wherein, M/s S.S. Mommy International used to pay a monthly rent to both of them. Accordingly, search was conducted at the office premises of M/s. SS Mommy International Pvt Ltd situated at B2-001, Design Arch Building, Surajpur Site-C, Greater Noida-201306. The search proceedings were recorded under panchnama dated 16.05.2023. During the search, some ledgers of firms, copies of CB licences, KYC of M/s Rajesh Tripathi, M/s P. G. Goswamy, M/s Ganpati Shipping Agency and KYC documents of multiple importers including M/s. VG Enterprises and M/s. Shri Jee Enterprises were found.

2.8 Valuation of 16 live Bills of Entry:

Further, it was observed that the importers had provided very generic item description of the goods and no specification, brand, model, material used, etc. of the goods has been provided by the importer in 16 Bills of Entry. Hence, it was not feasible to identify similar or the identical goods imported by other importers for comparing the value declared by the other importers vis-a-vis value declared by M/s VG Enterprises and M/s Shri Jee Enterprises. Thus, to ascertain the actual value of the detained goods, recourse to valuation by Chartered Engineer and IBBI Registered Valuer was taken. The Chartered Engineer vide Chartered Engineer's Certificate dated 26.06.2023 provided the value of the detained goods imported by M/s VG Enterprises and M/s Shri Jee Enterprises vide 16 live Bills of Entry. A summary of the valuation report is appended below:

Name of the Importer	No. of Bills of Entry	Sum of item wise Assessable Value as declared by the importer (In Rs.)	Sum of Item-wise Assessable Value as per the Chartered Engineer (In Rs.)	% of undervaluation
Shri Jee Enterprises	2	24,41,969	56,90,120	49.92
VG Enterprises	14	1,04,40,961	9,07,47,526	11.51
Total	16	1,28,82,930	9,64,37,646	13.36

In view of above, it appeared that the importers had mis-declared and undervalued the goods to the extent of 13.36% or approximately 7.5 times the actual value of goods imported. Therefore, it appeared that the goods had been imported in contravention of

provisions of the Customs Act, 1962 and the same were liable to confiscation. Accordingly, the goods imported vide 16 Bills of Entry by M/s VG Enterprises and M/s Shri Jee Enterprises were seized on 21.08.2023.

3. Statement of Key Persons:

3.1 Statement of Sh. Manoranjan Kumar, controller and husband of Director of M/s SS Mommy International Pvt Ltd:

- Statement of Sh. Manoranjan Kumar, controller and husband of Director of M/s SS Mommy International Pvt Ltd was recorded on 21.08.2024 under Section 108 of the Customs Act, 1962 at DRI(HQ), New Delhi wherein he stated that his wife namely Ms. Neetu Singh and her sister-in-law, Ms. Anita Kumari, were directors in M/s SS Mommy International Pvt Ltd; that now his nephew Sh. Sonu Ranjan was the Director of the said firm; that he looked after work related to freight forwarding and marketing in M/s SS Mommy International Pvt Ltd; that M/s SS Mommy International Private Limited was involved in freight forwarding and Customs Clearance of goods; that Customs Clearances of goods was done on Customs Broker Licenses of M/s Rajesh Tripathi, M/s P.G. Goswamy and M/s Ganpati Shipping Agency;
- On being asked, he stated that Mix goods had been imported on licenses of M/s Rajesh Tripathi, M/s P.G. Goswamy and manufacturing goods had been imported on M/s Ganpati Shipping Agency; that Rs. 300-500/- per container was paid to the CB license holders in lieu of using their licenses for import of goods;
- That in the year 2022-23, one Sh. Sunil Aggarwal brought the import related work of M/s VG Enterprises and M/s Shri Jee Enterprises; that goods had been imported by these firms on Custom Brokers licences of M/s Rajesh Tripathi and M/s P.G. Goswamy; that both these licenses were used by M/s SS Mommy International Pvt. Ltd: that mix goods had been imported in M/s VG Enterprises and M/s Shree Jee Enterprises and Rs. 5000/- per container was given to M/s SS Mommy International Pvt Ltd by these firms; that sometimes Customs duty payment of these firms had

also been done by M/s SS Mommy International Pvt Ltd on request of the importer only;

- On being asked about the undervaluation of goods imported by Sh. Sunil Kumar Aggarwal, he stated that Sh. Sunil Kumar Aggarwal used to do 5-6 times undervaluation of goods so as to evade the applicable Custom Duty; that he worked only for Custom clearances of goods, that in the period from December 2022 to May 2023, he got custom cleared goods of 300 containers (approx..) imported by the companies brought by Sh. Sunil Kumar Aggarwal; that Sh. Sunil Kumar Aggarwal used to send the import related documents through company's e-mail id and then he used to file the Bills of Entry on the basis of those documents;

3.2 Statement of Sh. Chandan Choudhary, Import Manager of M/s SS Mommy International Pvt Ltd wherein, he inter-alia stated that:

- As a manager he had the responsibility of handling Shipping line and import documentation work such as checking documents for necessary compliances, checklist before BOE etc. in M/s. SS Mommy International Private Limited; that he had never met with Proprietors of M/s. VG Enterprises and M/s. Shri Jee Enterprises; that Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar used to visit their office in relation to clearance of imported goods in these firms; that BOE, Packing List, Commercial Invoice were provided in hard copy to him in office, that Commercial Invoice/ value of goods imported by M/s.VG Enterprises and M/s. Shri Jee Enterprises varied between \$8,000 to \$10,000 which appeared to be quite low.
- M/s SS Mommy International Pvt Ltd or Sh. Manoranjan Kumar had used Customs Broker Licenses of M/s P.G. Goswamy, M/s Rajesh Tripathi and M/s Ganpati Shipping Agency. Further, as per his knowledge, Sh. Manoranjan kumar used to give Rs. 500/- to Rs. 700/- per container, That he had seen the statement of Sh. Mohan Chander Pandey dated 09.01.2024 wherein he has mentioned that he used to contact him and provided his Aadhar and OTP to him for customs clearance of goods; that he agreed with the facts stated by Sh. Mohan Chander Pandey, that, he

use to take OTP from Sh. Mohan Chandra Pandey for the registration of SIMS (Steel import Monitoring System) which is mandatory compliance for the import of goods made of steel; that he had not taken OTP for any other purpose ever from Sh. Mohan Chander Pandey.

3.3 Statement of Shri Sunil Kumar Aggarwal was recorded under Section 108 of the Customs Act, 1962 on 13/14.02.2024 wherein, he inter-alia stated that:

- He started the import of gift items from China in his firm M/s Shree Ram Economical Traders from the year 2017 to 2019, that his younger brother, Sh. Sudhir Aggarwal and Sh. Neerav (his cousin brother) used to import mix items viz. sanitary items, fabric, E-rickshaw parts, auto parts etc. from China.
- They had contacted Sh. Mintu, Proprietor of M/s S.S. Mommy International for customs clearance work, that customs duty payment and other miscellaneous expenses were made from M/s S.S. Mommy International; that Sh. Mintu, after customs clearance of imported goods, used to send the goods at their godown located at B-81, Wazirpur Industrial Area, New Delhi.
- Further, he stated that M/s V.G. Enterprises was formed by Sh. Vinit Garg with the help of Sh. Neerav Aggarwal: that he along with Sh. Neerav used to import the goods in M/s VG Enterprises from China; that the imported goods were sold to various domestic buyers and the payment of same were deposited by domestic buyers in the bank account of M/s VG Enterprises which was used for payment of Customs Broker and payment to the Chinese Supplier.
- On being asked, he stated that they earned profit in the range of 2-3% in the imported goods; on being asked as to why his phone did not contain any call, chat or any record regarding his business transactions, he stated that he had thrown the mobile phone which contained the call, chats and records regarding his business transactions; that he had started using different phones after DRI held their consignments of M/s VG Enterprises and M/s Shri Jee Enterprises; that he changes his phone after every 2-3 months after their case:

- On being shown the panchnamas dated 15/16.05.2023, 17/18.05.2023, 19/20.05.2023, 22.05.2023, 24.05.2023, 25.05.2023, 29.05.2023 regarding examination of goods imported by M/s VG Enterprises, M/s Shri Jee Enterprises and the Chartered Engineer cum Govt Approved Valuer's report dated 26.06.2023, he stated that he agreed with the Chartered Engineer's report dated 26.06.2023 and he along with Sh. Neerav had undervalued the imported goods vide 16 containers imported by M/s VG Enterprises and M/s Shri Jee Enterprises.
- On being asked about the Custom Clearance of goods in M/s VG Enterprises and M/s Shri Jee Enterprises, he stated that they used to contact Sh. Mintu and P.G. Goswamy for customs clearance and used to pay Rs. 40,000/- in cash and Rs. 5,000/- as per Invoice, to them.

3.4 Statement of Shri Neerav Kumar was recorded u/s 108 of the Customs Act, 1962 on 13/14.02.2024 wherein, he inter-alia stated that:

- He started the import of goods in M/s Shri Enterprises (his own firm) with Sh. Sudhir Aggarwal (his cousin brother) since 2018; that he along with Sh. Sunil Kumar Aggarwal opened the firm M/s Shri Jee Enterprises in his friend's name viz Sh. Ravi Garg in April 2022 and looked after import of goods, sale and purchase of goods etc. in M/s Shri Jee Enterprises since then till date; that that he along with Sh. Sunil Kumar Aggarwal opened the firm M/s VG Enterprises in his friend's name viz Sh. Vinit Garg in April 2023 and looked after import of goods, sale and purchase of goods etc. in M/s VG Enterprises since then till date.
- He along with Sh. Sunil Kumar Aggarwal has imported goods viz sanitary, Erickshaw parts, fabric, Handicraft toys, power tools etc. in M/s VG Enterprises and M/s Shri Jee Enterprises, that they sold the goods imported in said firms to domestic buyers, that for customs clearance of goods of said firms, they used to contact Sh. Deepanshu and Sh. Chandan for making the import documents; that Sh. Deepanshu and Sh. Chandan worked for a firm viz M/s SS Mommy international Private Limited of M/s PG Goswamy (Customs Broker); that he along with Sh. Sunil Kumar

Aggarwal used to direct Sh. Inderjeet for making the sales invoices of the goods imported in M/s VG Enterprises and M/s Shri Jee Enterprises

- On being asked as to why his phone did not contain any call, chat or any record regarding his business transactions, he stated that after DRI held the consignments of M/s VG Enterprises and M/s Shri Jee Enterprises, he used to delete the chats and mobile numbers after every 2-3 days; that he used to delete the chats with Sh. Sunil Kumar Aggarwal so as to hide his business transactions with Sh. Sunil Kumar Aggarwal.
- On being shown the Panchanamas dated 15/16.05.2023, 17/18.05.2023, 19/20.05.2023, 22.05.2023, 24.05.2023, 25.05.2023, 29.05.2023 regarding examination of goods imported by M/s VG Enterprises, M/s Shri Jee Enterprises and the Chartered Engineer cum Govt Approved Valuer's report dated 26.06.2023, he stated that he agreed with the Chartered Engineer's report dated 26.06.2023.

3.5 Statement of Sh. Inderjeet, Employee of Sh. Sunil Kumar Aggarwal:

In his statement, he stated that he was working with M/s KK Traders which was controlled by Sh. Sunil Kumar Aggarwal: he stated that as per his knowledge, Sh. Sunil Kumar Aggarwal was the owner/controller of more than 15 IECs including M/s VG Enterprises and M/s Shree Jee Enterprises.

3.6 Statement of Sh. Dinesh Kumar Meena, Employee of Sh. Sunil Kumar Aggarwal:

In his statement dated 13.02.2024 recorded under Section 108 of the Customs Act, 1962, he stated that he was working as supervisor of godown located at B-81, Gr. Floor, Wazirpur Industrial Area; that Sh. Sunil Kumar Aggarwal had taken the said godown on rent; that the goods imported by Sh. Sunil Kumar Aggarwal were stored in the said godown; that he used to look after the work of loading and unloading of the imported goods in the said godown; that the imported goods were sold to various domestic buyers from the said godown; that apart from him, Sh. Inderjeet, employee of Sh. Sunil Kumar Aggarwal used to visit the said godown and sometimes Sh. Sunil Aggarwal also visited the said godown; that his salary was paid by Sh. Sunil Kumar Aggarwal.

3.7 Statement of Shri Rakesh (Cousin Brother of Sh. Sunil Kumar Aggarwal):

The statement was recorded on 13/14.02.2024 wherein he stated that he was also involved with his cousin brother Sh. Sunil Aggarwal in the business of import of goods from China since 2020, that Sh. Sunil Aggarwal has collected multiple IECs and imported goods from China on these multiple IECs; that he got a commission of Rs 2000-3000/- per container for helping Sh. Sunil Aggarwal in the said work; he further added that Sh. Sunil Kumar Aggarwal uses many IECs for import of goods, the import was made in the name of different companies but all goods were imported by Sh. Sunil Aggarwal only; further he added that Sh. Sunil Kumar Aggarwal imported goods at undervalued prices and he helped Sh. Sunil Aggarwal in the same.

3.8 Further, Summons dated 15.06.2023, 20.06.2023, 03.07.2023, 25.07.2023 and 25.09.2023 were issued to Sh. Vinit Garg, Proprietor of M/s. VG Enterprises and Sh. Ravi Kumar, Proprietor in M/s. Shri Jee Enterprises but they failed to appear for tendering statement. Further, as the proprietors of M/s. VG Enterprises and M/s. Shri Jee Enterprises were not appearing in compliance of the Summons, an application regarding non-compliance of summons was filed in Hon'ble Patiala House Court, New Delhi as non-compliance of summons is a punishable offense under section 174 and 175 of erstwhile India Penal Code, 1860.

4. Thereafter, GSTIR Data of M/s. VG Enterprises and M/s. Shri Jee Enterprises was scrutinized and summons were issued to major buyers of these firms viz M/s Samadhan Combine, M/s. Durga Bath Impex and M/s Durga International for further investigation in the matter.

4.1 Statements of Domestic Buyers of Goods:

4.1.1 Summons were issued to Sh. Champa Lal Jain, Proprietor of M/s Samadhan Combine and his statement was recorded on 07.07.2023 under Section 108 of Customs Act, 1962 wherein, he inter alia, stated that he had never purchased any goods from M/s. VG Enterprises; that Sh. Neerav had visited his shop in March, 2023 and asked for invoice and informed them to give 2% commission of total invoice value; that as their business

was not in good condition and facing difficulties, that they agreed to the proposal of Sh. Neerav and taken the invoice of purchase from M/s. VG Enterprises to M/s. Samadhan Combine; that Sh. Neerav had not supplied the goods against the invoice; that Sh. Neerav had given Rs. 4,50,000/- to them and he had returned the same in the bank account of M/s. VG Enterprises; that except this he had not made any transaction.

In view of the above, it appeared that M/s VG Enterprises had issued fake invoices and provided them to Sh. Champa Lal Jain and gave 2% commission on the invoice value to Sh. Champa Lal Jain It also appeared that M/s VG Enterprises through Sh. Neerav Kumar had sold goods in the open market in cash and issued fake invoices to M/s Samadhan Combine. Thus, by adopting this modus operandi, M/s VG Enterprises through Sh. Neerav Kumar had made unrecorded sales and both the supplier and buyer had filed false GST returns. M/s Samadhan Combine had taken undue IGST in their account and thus had defrauded the Govt exchequer.

4.1.2 Summons were issued to Shri. Parmod Goel, Proprietor in M/s. Burga Bath Impex and his Statement was recorder on 17.08.2023 under Section 108 of the Customs Act, 1962 wherein, he inter-alia, stated that he had purchased goods from M/s. VG Enterprises and M/s. Shri Jee Enterprises; that while procuring goods from M/s. VG Enterprises and M/s. Shri Jee Enterprises he used to contact Sh. Neerav Aggarwal and he also knew some person named "Ashu"; that Sh. Neerav Aggarwal used to talk over phone; that he had met Sh. Neerav in market and Sh. Neerav has told him that he can import goods from China at less rate, that he submitted invoices and ledger statement of M/s. VG Enterprises and M/s. Shri Jee Enterprises.

4.2 Statements of the Proprietors of Firms:

Further, on 11.08.2023, Sh. Vinit Garg, Proprietor of M/s. VG Enterprises and Sh. Ravi Kumar, Proprietor of M/s. Shri Jee Enterprises along with Sh. Neerav Kumar appeared in DRI office. Statement of Sh. Vinit Garg, Proprietor of M/s. VG Enterprises was recorded u/s. 108 of the Customs Act, 1962 on 11.08.2023 wherein he stated that the said firm was incorporated on directions of Sh. Neerav Kumar; that all work related to

procurement from overseas supplier and goods sold to domestic buyers were handled by Sh. Neerav Kumar; that all banking transactions made in M/s. VG Enterprises was handled by Sh. Neerav Kumar; that Sh. Neerav Kumar could explain about the mis-declaration of the imported goods in the said firm. Thus, it was evident that Sh. Vinit Garg was the dummy Proprietor of the firm and Sh. Neerav Kumar was the beneficial owner/controller of M/s VG Enterprises. Further, statement of Sh. Ravi Kumar, Proprietor of M/s. Shri Jee Enterprises could not be recorded considering his request to grant time due to health issues.

5. Investigation in respect of Bank Transactions of Importers

During the course of investigation, bank account statement of M/s Shri Jee Enterprises viz A/c No 013663300002703 in Yes Bank for the period January 2022 to December 2023, was perused and it was observed that multiple transactions had been made to M/s Star Enterprises and M/s Shri Santhil Enterprises. Thereafter, documents were received from the banks and it was observed that email id (pandevmohan86@gmail.com) registered in IEC and bank account of both M/s Shri Santhil Enterprises and M/s Star Enterprises, belonged to one person namely Sh. Mohan Chander Pandey. Further, in another case of undervaluation of imported goods at ICD Dadri by another importer viz M/s Shree Mahadev Enterprises situated at 112, First Floor, Plot No. CS-10 Block E-1 Section-7 Rohini Delhi-110085, the import consignments were detained at ICD Dadri and examination proceedings were recorded under Panchanama dated 25.05.2023. Thereafter, the premises were also searched and search proceedings were recorded under Panchanama dated 02.06.2023. The proprietor of the said firm was Sh. Mohan Chander Pandey. During the search of the premises, certain documents relating to different firms including M/s. Star Enterprises and M/s. Santhil Enterprises were recovered.

From the statements of Sh. Mohan Chander Pandey, it was revealed that all the imports made in the name of firms, M/s. Shri Santhil Enterprises, M/s. Star Enterprises, M/s. Shiva Enterprises and M/s. Sun Shine Traders were conducted by Sh. Sunil Kumar Aggarwal, Sh. Neerav Aggarwal and M/s. SS Mommy International Pvt. Ltd. Thus, Sh.

Sunil Kumar Aggarwal, Sh. Neerav Kumar appeared to be the beneficial owners of the above-mentioned firms as per section 2(3A) of the Customs Act, 1962.

6. Past import data:

From the investigation, it was apparent that Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar were the masterminds who conceived the entire scheme of making undervalued and mis-declared imports through several dummy firms owned/controlled by them. On perusal of the past made Imports made by the importing firms controlled by Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar, it was observed that the goods imported by M/s VG Enterprises and Shree Jee Enterprises (which were detained in May-2023) had also been imported in the past by other importing firms controlled by Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar.

Further, in his statement, Sh. Pankaj Khanna (employee of Sh. Sunil Kumar Aggarwal), had submitted that he had collected cash to the tune of Rs. 35 crores in the last 3 years which indicated that the goods were undervalued and sold at higher prices but the differential amount was collected in cash. Further, from the import data of the past 4 years of the said importers, it was observed that multiple suppliers had provided goods to the importing firms controlled by Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar. Further, during investigation, the goods imported by M/s VG Enterprises and M/s Shri Jee Enterprises were found to be undervalued and in the past also, the suppliers of M/s VG Enterprises and M/s Shri Jee Enterprises had supplied goods to the importing firms controlled by Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar. Total 17 importing firms had been noticed which were controlled by Sh. Sunil Kumar Aggarwal and Neerav Kumar in the past wherein these both persons had imported undervalued goods from multiple suppliers and sold the same in local market in higher prices.

6.1 After considering all past data of IEC being used by Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar, the differential duty was worked out to **Rs. 2,24,31,00,371/- (224 crores approx.)** which was recoverable under Section 28(4) of the Customs Act, 1962 along with applicable interest. In the instant case, the Customs Broker M/s P. G. Goswamy

had been made party and penalty under Section 112 of the Customs Act, 1962 was proposed on the CB for their acts of omission and commission for having abetted Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar in the fraudulent import of goods in their firms resulting in evasion of huge customs duty amount.

7. As discussed supra, huge misdeclaration and under-valuation was noticed in the past consignments imported by Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar in the name of the dummy IECs under investigation. Mis-declaration and under-valuation had also been corroborated by the documents/ forensic evidences gathered during the investigation. Thus, the entire scheme had the characteristics of a large, well-thought-out operation to affect benami/proxy imports in order to evade duties of Customs.

7.1 In view of the above statements of Sh. Sunil Kumar Aggarwal, Sh. Neerav Kumar, Sh. Inderjeet, Sh. Pankaj Khanna, Sh. Dinesh and Sh. Rakesh, it appeared that Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar were the beneficial importers (in terms of Rule 2(3A) of Customs Act, 1962) of M/s VG Enterprises and M/s Shri Jee Enterprises and were involved in undervaluation of goods imported by M/s VG Enterprises and M/s Shri Jee Enterprises. They had thus evaded customs duty to the tune of Rs. 76.66 crores for the period FY 2022-23 and FY 2023-24. Hence, Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar appeared to have committed offences punishable under the provisions of Section 135(1)(a)(i)(A) & (B) and Section 135(1)(b)(i)(A) & (B) of the Customs Act, 1962. Accordingly, both the above-mentioned persons were arrested on 14.02.2024 under the provisions of Sub-section (1) and sub-section (4)(b) of Section 104 of the Customs Act, 1962. Both the accused were remanded under judicial custody till 28.03.2024.

7.2 For furtherance of investigations, summons dated 17.08.2023, 17.10.2023 and 09.01.2024 were issued to M/s P.G. Goswamy (CB) but Ms. PG Goswamy, Prop. of M/s P.G. Goswamy did not appear before the investigating agency. It appeared that they were avoiding the investigation on one pretext or another and were deliberately evading the investigation. As the Customs Broker, M/s PG Goswamy failed to appear in compliance to the summons, non-compliance proceedings were initiated against M/s. PG Goswamy in the

Hon'ble CMM Court, Patiala House New Delhi. However, M/s. PG Goswamy did not appear in the court on the said date, thus also dishonoured the directions of the Hon'ble Court.

7.3 After considering all past data of IEC being used by Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar, the differential duty was worked out to Rs. 2,24,31,00,371/- and recoverable under Section 28(4) of the Customs Act, 1962 along with applicable interest. In the instant case, the Customs Broker M/s P. G. Goswamy had been made party and penalty under Section 112 of the Customs Act, 1962 has been proposed on the CB for their acts of commission & omission for having abetted Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar in the fraudulent import of goods in their firms resulting in evasion of substantial customs duty.

8. Summary: -

In view of the foregoing facts uncovered during the investigation, it appeared that the Customs Brokers were fraudulently involved in clearance of the goods of the firms controlled by Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar. It appeared that CB M/s PG Goswamy never appeared before the investigation agency, which indicated that they were avoiding the investigation. Further, on scrutiny of the subject offence, it was revealed that Sh. Manoranjan Kumar, Controller of M/s SS Mommy International Pvt Ltd. had taken the subject Customs Broker license from M/s PG Goswamy and used the same for clearance of goods imported by the syndicate operated by M/s Sunil Kumar Aggarwal and Sh. Neerav Kumar. As per the statement of Sh. Manoranjan Kumar and his employee Sh. Chandan Kumar, they had used the license of M/s PG Goswamy in lieu of monetary benefit to license holder.

9. Therefore, in view of the above said offence report, it was observed that violations of following provisions of the CBLR (Customs Brokers Licensing Regulations), 2018 had been committed by the Customs Broker:

9.1 Violation of Regulation 1(4) of CBLR, 2018:

"Every license granted or renewed under these regulations shall be deemed to have been granted or renewed in favour of the licensee, and no license shall be sold or otherwise transferred":

Upon a detailed examination of the subject offence, it was revealed that Mr. Manoranjan Kumar, who held the position of Controller at M/s SS Mommy International Pvt Ltd., had obtained Customs Broker License on rent basis from the Proprietor of M/s P.G. Goswamy. The said fact had been disclosed by Sh. Manoranjan Kumar in his statement dated 21.08.2024.

Furthermore, based on the statements provided by Mr. Manoranjan Kumar and his employee, Mr. Chandan Kumar, it was established that the license belonging to M/s PG Goswamy was unlawfully used by M/s SS Mommy International Pvt Ltd. In exchange for this unauthorized use, the company had provided monetary benefits to the license holder, thereby implicating them in a scheme of corrupt practices and violation of customs regulations. This revelation points to a clear breach of legal and procedural norms governing customs licensing and import clearance processes, raising serious concerns about misconduct and illicit activities.

As per Regulation 1(4) of CBLR, 2018, no license can be sold or transferred. Therefore, in the present case, the act of the licensee of voluntarily relinquishing or transferring his license to an unauthorized individual, particularly in exchange for monetary consideration, constituted a clear violation of the aforementioned regulatory provision. By engaging in such conduct, the Customs Broker appeared to have contravened the strict prohibitions set forth in Regulation 1(4), thereby undermining the integrity of the licensing regime and potentially compromising regulatory oversight and compliance standards established under Regulation 1(4) of the CBLR, 2018.

9.2 Violation of Regulation 10(a) of CBLR. 2018:

"obtain an authorisation from each of the companies, firms or individuals by whom he is for the time being employed as a Customs Broker and produce such

authorisation whenever required by the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be"

On scrutiny of subject offence report, it appeared that all IECs which were used by the syndicate of Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar, were found fictitious and proxy. Further, it was observed that the Customs Broker license of M/s P.G. Goswamy was utilized by Sh. Manoranjan Kumar, Controller of M/s SS Mommy International Pvt Ltd for against some monetary consideration as the same was stated by Sh. Manoranjan Kumar in his statement dated 21.08.2024. This suggested that the CB license was effectively rented out or leased to another party, which was a violation of the prescribed regulations. Additionally, the fact that the CB did not come forward to record their statement raised suspicions that they were evading the investigation and avoided providing details relevant to the case and its investigation.

Moreover, in his statement dated 11.08.2023, Sh. Vinit Garg, Proprietor of M/s VG Enterprises, stated that he had provided his IEC to Sh. Neerav Kumar and claimed ignorance regarding any mis-declaration of goods. This indicated a possible scenario where the imported goods were brought in using dummy IECs, for which the actual importers did not authorize the customs broker to carry out clearance procedures.

Based on these findings, it appeared that the customs broker engaged in violations of the provisions laid out in Regulation 10(a) of the Customs Brokers Licensing Regulations (CBLR), 2018, by Facilitating the import of goods through unauthorized and fictitious IECs and by possibly allowing the use of their license on a rent basis without proper authorization or oversight.

9.3 Violation of Regulation 10(d) of CBLR, 2018:

"advise his client to comply with the provisions of the Act, other allied Acts and the rules and regulations thereof, and in case of non-compliance, shall bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be";

From the statements of Sh. Sunil Kumar Aggarwal, Sh. Neerav Kumar, Sh. Inderjeet, Sh. Pankaj Khanna, Sh. Dinesh and Sh. Rakesh, it was revealed that Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar had imported all the goods in the name of proxy/fictitious IECs. As per statement dated 21.08.2024 of Sh. Manoranjan Kumar, Controller of M/s SS Mommy International Pvt. Ltd., the services of the Customs Broker M/s P.G. Goswamy was utilized by them for mixed goods and Rs. 300-500/- per container was paid to CB license holders in lieu of using their licenses for import of goods. An in-depth analysis of the offence report indicated that the Customs Broker involved neither interacted directly with the actual IEC holders nor established any contact with the beneficial owners of the imported goods.

Consequently, it appeared that the Customs Broker license was exploited unlawfully by unauthorized persons who did not hold legitimate authorization or ownership rights over the import activities. Moreover, it was evident that the Customs Broker failed to adhere to the provisions stipulated under Regulation 10(d) of the Customs Brokers Licensing Regulations, 2018 under which CB has to advise his client to follow the provisions of the act, other allied acts and the rules and regulations thereof. It was also apparent from the investigation that the Customs Broker did not fulfil their legal obligation to inform or alert the Customs authorities about any discrepancies, irregularities, or suspicious activities related to the import transactions. This neglect signified a breach of the duty to ensure compliance and maintain transparency during customs procedures.

In light of the foregoing findings, it appeared that the Customs Broker had committed a violation of Regulation 10(d) of the CBLR, 2018, by failing to provide appropriate guidance to clients regarding compliance obligations and by not reporting irregularities to the Customs authorities, thereby compromising the integrity of the customs clearance process.

Hence, in view of the above, it appeared that the CB had violated the provisions of Regulation 10(d) of the CBLR, 2018.

9.4 Violation of Regulation 10(e) of CBLR, 2018:

"exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to clearance of cargo or baggage":

On scrutiny of the offence report, it appeared that the CB did not exercise due diligence and did not impart correct information with reference to any work related to clearance of cargo. As per statement dated 21.08.2024 of Sh. Manoranjan Kumar, controller of M/s SS Mommy International Pvt. Ltd., the services of the Customs Broker M/s P.G. Goswamy were utilized by them for mixed goods and Rs. 300-500/- per container was paid to CB license holder in lieu of using their licenses for import of goods. Scrutiny of the offence report indicated that the CB did not maintain any substantive connection with Import Export Code (IEC) holders or the genuine owners of the imported goods. Instead, it appeared that the license was clandestinely transferred to unauthorized persons in pursuit of illegitimate monetary gains, thereby facilitating the misuse of the license by a syndicate operated by Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar. This syndicate engaged in the mis-declaration or undervaluation of goods under the guise of benami, bogus, or proxy IECs, thus orchestrating a systematic scheme to evade rightful duties and taxes. Had the CB exercised diligent oversight during the customs clearance process, such a substantial fraud could have been identified and mitigated at an incipient stage, thereby safeguarding legitimate government revenue. The failure to perform such due diligence underscored a significant lapse in adhering to the prescribed standards of professional conduct and statutory obligations.

Based on the aforementioned facts, it was apparent that the CB did not conform to the provisions enshrined under Regulation 10(e) of the Customs Brokers Licensing Regulations (CBLR), 2018, which mandates that the CB has to exercise due diligence to ascertain the correctness of any information he imparts to a client with reference to any work related to clearance of cargo or baggage. Consequently, it appeared that the CB did

not fulfil their obligations as stipulated under the relevant regulatory framework, thereby undermining the integrity of the customs clearance process and facilitating illicit activities.

9.5 Violation of Regulation 10(n) of CBLR, 2018:

"verify correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), Identity of his client and functioning of his client at the declared address by using reliable, independent, authentic documents, data or information":

As per the offence report, the said Customs Broker license was utilized by one Sh. Manoranjan Kumar, controller of M/s SS Mommy International Pvt. Ltd. against monetary benefits to the proprietor of M/s P.G. Goswamy. It is pertinent to mention that Sh. Manoranjan Kumar was not an employee/partner/director of the CB firm M/s P.G. Goswamy. As per the statement dated 16.01.2024 of Sh. Chandan Chaudhary, Import Manager of M/s SS Mommy International Pvt Ltd, the subject license was used by Sh. Manoranjan Kumar or M/s SS Mommy International Pvt. Ltd. on the direction of Sh. Sunil Kumar Aggarwal and Neerav Kumar. It was also stated by Sh. Chandan Chaudhary that they had never met with IECs holders of the goods. Further, vide the statement dated 11.08.2024, Sh. Vinit Garg, Proprietor of importing firm M/s V. G Enterprises was recorded under which he stated that he had given his IEC to Sh. Neerav Kumar on some monetary benefit and he did not know anything about mis-declaration of goods. Hence, it appeared that the subject goods were imported on dummy IECs.

Thus, it was evident that authorized person of the Customs Broker had never met the IEC holders and specifically, it appeared that the Customs Broker did not undertake the required verification of the antecedents of the importing firms, a crucial step intended to ensure the legitimacy and authenticity of the entities involved in the import process. According to Regulation 10(n) of the CBLR, 2018, CB has to verify the antecedent, correctness of IEC code, identity of his client and the functioning of his client at the declared addresses by using reliable, independent, authentic documents, data or information but CB failed to do so. If the Customs Broker had conducted antecedent verification of the said importing firms, such fake/bogus IECs would have been detected

before the import occurred. Consequently, it appeared that the CB had failed to fulfil the obligations stipulated under Regulation 10(n) of the CBLR, 2018.

9.6 Violation of Regulation 10(q) of CBLR, 2018:

"co-operate with the Customs authorities and shall join investigations promptly in the event of an inquiry against them or their employees"

From the scrutiny of offence report, it appeared that the CB had knowingly mis-used his license by letting it to be used by unauthorized persons which helped Shri Sunil Kumar Aggarwal and Sh. Neerav Kumar in the Customs Clearance of the fraudulent consignments in the name of various fictitious importing firms. Further, it was also observed that the CB never turned up for any statement/submission before the investigating agency which indicated that they did not want to co-operate with the Customs authorities.

Further, it was also noticed that non-compliance proceedings were initiated against them in the Hon'ble CMM Court, Patiala House, New Delhi but M/s P. G. Goswamy did not present themselves before the court and dishonoured the directions of the Hon'ble Court and thus, it appeared that the CB did not want to co-operate with the Govt. authorities. In light of the aforementioned events it was evident that the CB had violated the provisions laid down under Regulation 10(q) of CBLR, 2018.

10. Considering the observations made above, it cannot be emphasized more that the CB has a very important role in customs clearance and lot of trust has been placed by the Department on the CB. In the context of trade facilitation, where an increasing number of goods are processed through Risk Management System (RMS) without customs examination, the role of the Customs Broker (CB) has become much critical in ensuring that the country's economic borders are effectively protected. In the instant case, it appeared that the Customs Broker had abetted in custom clearance of the goods of the firms controlled by Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar. Based on the facts of the case, it was evident that CB M/s P.G. Goswamy deliberately chose not to appear before the investigation agency which strongly indicated an attempt to evade scrutiny and obstruct the investigative process.

Furthermore, upon meticulous scrutiny of the subject offence, it was revealed that Sh. Manoranjan Kumar, the Controller of M/s SS Mommy International Pvt Ltd., had procured the subject Customs Broker license from M/s P.G. Goswamy and subsequently utilized this license to facilitate the clearance of imported goods on behalf of a syndicate comprising M/s Sunil Kumar Aggarwal and Sh. Neerav Kumar.

According to the statements provided by Sh. Manoranjan Kumar and his employee, Sh Chandan Kumar, it was revealed that they engaged in the illicit practice of using the aforementioned license and provided monetary benefits to the license holder, thereby enabling the syndicate to circumvent standard procedures. This illegitimate and unauthorized use of the license allowed Sh Sunil Kumar Aggarwal and Sh. Neerav Kumar to import goods at significantly undervalued prices under the guise of proxy Importer Exporter Code (IEC) holders. Such fraudulent activities resulted in a substantial loss of revenue to the Government exchequer and contravened the restrictions, prohibitions, and legal provisions enshrined in the prevailing laws, rules, and regulations governing customs and import-export procedures. This misconduct not only undermines the integrity of the customs process but also jeopardizes national economic interests and the enforcement of lawful trade practices. Hence, by their acts of omission and commission, it appeared that the CB had violated the provisions of various Regulations i.e. 1(4), 10(a), 10(d), 10(e), 10(n) and 10(q) of the Customs Broker Licensing Regulations, 2018 and thus rendered themselves liable for penal action under the CBLR (Customs Brokers Licensing Regulations), 2018.

11. Considering the facts of the case and evidences on record, the CB License held by M/s P.G. Goswamy (CB License No. 11/1690) was suspended under Regulation 16(1) of the CBLR, 2018 by the Pr. Commissioner of Customs (G) vide Order No. 52/2024-25 dated 25.03.2025 and Personal Hearing was conducted on 02.04.2025 through virtual mode.

12. Further, after going through the submissions of the Customs Broker and the offence report, the subject License No. 11/1690 pertaining to M/s P. G. Goswamy was ordered for

Continuation of Suspension vide Order No. 01/2025-26 dated 09.04.2025 under Regulation 16(2) of the CBLR, 2018.

13. Thus, in view of the discussions in above paras, it appeared that the Customs Broker had failed to fulfil their obligations under the provisions of Regulations 1(4), 10(a), 10(d), 10(e), 10(n) and 10(q) of the CBLR, 2018 and contravened the same. Accordingly, a Show Cause Notice No. 06/2025-26 dated 16.05.2025 under the provisions of Regulation 17(1) of the CBLR, 2018 was issued to the Customs Broker M/s P. G. Goswamy (CB License No. 11/1690) wherein, the CB was called upon to show cause, as to why:

- i. The Customs Broker license bearing no. 11/1690 issued to them should not be revoked;
- ii. Security deposit should not be forfeited;
- iii. Penalty should not be imposed upon them under Regulation 14 read with Regulation 17 & 18 of the CBLR, 2018 for their failure to comply with the provisions of the CBLR, 2018.

13.1 Also, Shri J.A. Patel, Assistant Commissioner of Customs was appointed as the Inquiry Officer to conduct the inquiry proceedings against the CB M/s P. G. Goswamy (License No. 11/1690) under Regulation 17 of the CBLR, 2018.

INQUIRY REPORT: -

14. The Inquiry Officer (here in after referred to as the 'IO') concluded the inquiry proceedings and submitted the Inquiry Report dated 14.11.2025, wherein all the charges levelled against the CB of violation of Regulations 1(4), 10(a), 10(d), 10(e), 10(n), & 10(q) of the CBLR, 2018 were held as "**Proved**". Further, the IO mentioned that during the period he was entrusted with the said inquiry, he was holding charges viz. Group 2 (A-F) (with Group 2A FAG Group), AEO of the Mumbai Customs Zone-I, Legal and Prosecution etc. He was given the above charges in the beginning of May, 2025 only and that he was new to the assigned charges. Also, there was high pendency of Provisional Assessment and Arrears of Recovery in the Group 2(A-F). Thus, there was enormous pressure of work during the period, the inquiry was to be conducted. Consequently, the inquiry proceedings

were affected and the Inquiry Report was delayed beyond the timeline specified under the CBLR, 2018.

FINDINGS OF THE INQUIRY OFFICER: -

14.1 The IO submitted that he had gone through the Show Cause Notice No. 06/2025-26 dated 16.05.2025 issued under Regulation 17 of the CBLR, 2018, along with the relied-upon documents. The IO submitted that he had reviewed the records of personal hearings, the defence submissions made during those hearings and throughout the inquiry proceedings. The IO had also considered the statements of all persons recorded during the investigation and the articles of charge or alleged contraventions mentioned in the Show Cause Notice, as well as the relevant provisions of the CBLR, 2018.

14.2 The IO submitted then proceeded to examine the submissions made by the Customs Broker, M/s P. G. Goswamy, in response to the articles of charge levelled against them, and to evaluate their merit within the framework of law and the relevant provisions of the Customs Brokers Licensing Regulations, 2018.

14.3 Charge-I - Regulation 1(4) of the CBLR, 2018: unauthorised transfer/renting of licence - The allegation was that the Customs Broker's licence, which is granted in favour of the licensee alone, was effectively transferred for use by an outside entity, namely M/s S.S. Mommy International Pvt. Ltd. The record showed that DRI's investigation recovered ledgers, copies of Customs Broker licences, and KYC packets of multiple dummy IECs from the office of M/s S.S. Mommy International during a search on 16.05.2023; the search Panchanama noted that both the licences of M/s P. G. Goswamy and another CB were being operated by that company on a rental basis with monthly payments, and that goods of VG Enterprises and Shri Jee Enterprises were cleared on these licences. Further, the statement of Shri Manoranjan Kumar (controller of S.S. Mommy) mentioned that clearances were done "on Custom Broker Licenses of M/s Rajesh Tripathi, M/s P. G. Goswamy" with RS 300-500 per container paid to the licence holders for using their licences; he also explained that import work for VG Enterprises and Shri Jee Enterprises

was brought by Shri Sunil Agarwal and handled through S.S. Mommy using those CB licences.

In defence, the CB denied any transfer or renting and contended that there was no proof of money flow, characterising the case as assumption-based and sought cross-examination of Shri Manoranjan Kumar; the reply reiterated general denial of all allegations and asserted that the CB acted only as a filing agent with KYCs on record. On appraisal, Regulation 1(4) prohibited not only sale but any form of transfer; the critical enquiry is whether operational control over the licence functions was ceded to a third party. Here, contemporaneous seizure from S.S. Mommy's premises of CB-licence copies and client packets, read with the admissions of Manoranjan Kumar regarding routine use of the CB's licence for clearances and per-container payments, established de facto third-party use. A banking trail is corroborative but not constitutive: de facto transfer is made out when a non-licensee runs customs clearance activities in the CB's name, files documents, and manages OTP-based statutory interfaces using the CB's credentials. The CB's late request for cross-examination did not dislodge these primary materials, and in any case his persistent non-appearance during investigation was recorded with summons and court proceedings noted in the SCN, which undermined an equitable claim to cross-examination at the Inquiry stage. Accordingly, on facts and law, the contravention of Regulation 1(4) is proved.

14.4 Charge-II- Regulation 10(a): failure to obtain and produce client authorisations- The allegation, was that the Customs Broker (CB) cleared consignments for firms without written authorisations from the actual importers as required under Regulation 10(a) of the CBLR, 2018. The investigation recorded that the Bills of Entry for M/s V.G. Enterprises and M/s Shri Jee Enterprises were filed through the CB licence of M/s P.G. Goswamy, but all operational activities were carried out by M/s S.S. Mommy International Pvt. Ltd., which used the licence on behalf of the beneficial owners, Shri Sunil Kumar Aggarwal and Shri Neerav Kumar. Searches at the alleged importers' premises found them non-functional, and statements of the staff of S.S. Mommy confirmed that none of them had

ever met the declared proprietors. The record further showed that statutory processes such as SIMS registration and import documentation were completed using OTPs and credentials procured from unrelated persons. These facts showed that there was no direct relationship between the Customs Broker and any genuine importer, and that all dealings were channelled through a third party.

The CB in their written defence, argued that they had obtained KYC documents- IEC, PAN, GSTIN, Aadhaar - and that such documentary verification fulfilled the Board's instructions in Circular 09/2010-Cus. They claimed that the law did not require physical verification and that no instance had been shown where an authorisation was demanded but not produced. The CB further relied on case law to suggest that a procedural lapse should not attract penal consequences.

The IO submitted that this contention was unacceptable. The IO submitted that regulation 10(a) does not merely require maintenance of documents; it imposes a duty to obtain a written authorisation from the actual importer for each clearance and to produce it on demand. The essence of authorisation is proof of a bona fide principal-agent relationship. The evidence here demonstrated that the CB's licence was operated by another company that itself dealt with fictitious or proxy importers. The IO submitted that no letter of authority, power of attorney, or specific written mandate from the declared importers was produced either before DRI or during inquiry. The IO submitted that portal-based verification of IEC and GSTIN cannot replace the requirement of written consent from the real principal, especially when the supposed clients were found to be non-existent. Therefore, the CB's argument that possession of KYC papers was sufficient failed on both factual and legal grounds.

The IO submitted that the cumulative material including the non-functional addresses of the importers, the absence of genuine communication between the CB and any importer, and the admitted use of the licence by S.S. Mommy established that the CB did not obtain valid client authorisations and permitted unauthorised persons to file

documents in their name. Therefore, the IO found that the charge under Regulation 10(a) is proved.

14.5 Charge III - Regulation 10(d): failure to advise clients to comply with the law - The allegation was that the Customs Broker failed in his statutory duty to advise clients to comply with the provisions of the Customs Act, 1962, and allied laws, and also failed to bring to the notice of the Customs authorities any irregularities or non-compliance observed in the course of work. The investigation record showed a consistent pattern of undervaluation and misdeclaration in the goods imported through the CB's licence. Twenty-seven containers were detained at ICD Dadri, and examinations revealed vague and misleading descriptions such as "fuel pump motor," "plastic insert," and "inner part (sanitary fitting)". The Chartered Engineer's valuation dated 26.06.2023 found declared values to be nearly one-sixth of the actual transaction values. Such gross undervaluation and mis description could not have escaped notice to anyone handling the documents, including the CB whose licence was used for filing these consignments. The record further indicated that all import documentation was prepared by M/s S.S. Mommy International Pvt. Ltd. using the CB's licence; the CB neither intervened to verify the nature of imports nor reported the apparent misdeclaration to Customs.

In defence, the CB contended that they were not involved personally in price determination or description of goods and that their role was limited to professional filing of Bills of Entry based on client documents. The CB argued that there was no evidence showing they advised clients to contravene any provision or that they had knowledge of misdeclaration. The defence relied on caselaw asserting that culpability required proof of intent or active connivance.

The IO submitted that this defence could not withstand scrutiny. The IO submitted that Regulation 10(d) creates an affirmative obligation to advise clients to comply and, on discovering irregularities, to inform Customs authorities. It is not confined to cases of proven mens rea; negligence or inaction in the face of evident non-compliance constitutes breach. Here, the systemic undervaluation, repetitive generic descriptions, and routing of

documents through a third-party operator are circumstances that would alert any prudent broker. The IO submitted that instead of advising compliance or alerting Customs, the CB allowed continued filing of such consignments through his credentials. His silence and inaction facilitated the misuse of his licence and enabled continuation of fraudulent imports.

On these facts, the IO concluded that the CB had failed to discharge their duty under Regulation 10(d). The IO submitted that CB's omission directly contributed to the clearance of mis-declared and undervalued goods and undermined the regulatory objective of the CBLR 2018. Accordingly, the IO found that the charge under Regulation 10(d) stands proved.

14.6 Charge-IV - Regulation 10(e): failure to exercise due diligence in ascertaining correctness of information - The allegation under Regulation 10(e) was that the Customs Broker did not exercise the degree of care and prudence expected of a licensed professional to verify the correctness of the particulars furnished to Customs at the time of clearance. The investigation revealed that goods imported through the licence of M/s P.G. Goswamy were persistently declared in non-specific terms - fuel pump motor, plastic insert and inner part (sanitary fitting) which effectively concealed the actual description and quality of the merchandise. The Chartered Engineer's report dated 26.06.2023 established undervaluation ranging between five to seven times below market value. Documents examined showed that all import paperwork, including invoices and declarations, were generated by M/s S.S. Mommy International Pvt. Ltd. using the CB's login credentials and even third-party OTPs to complete statutory filings such as SIMS registrations. These irregularities were not isolated: they formed a continuing pattern across many consignments. The Customs Broker whose digital signature and licence were used to file these Bills of Entry, was expected to recognise and question such anomalies before submission.

In the written defence, the CB stated that due diligence obligations were satisfied because IEC, GSTIN, and PAN were verified on official portals in accordance with CBIC Circular No. 09/2010-Cus. The CB further argued that the law did not require physical

inspection of goods or premises and that they relied upon information provided by importers who appeared genuine on record. The CB maintained that there was no evidence of wilful neglect or knowledge of misdeclaration.

The IO submitted that this line of defence could not be accepted. The IO submitted that the duty under Regulation 10(e) is not limited to mechanical verification of registration data; it extends to applying professional judgment to ensure that the particulars conveyed to Customs are reasonable and truthful. Where invoices describe heterogeneous goods in ambiguous language and declared values were only a fraction of market price, a prudent broker must seek clarification or decline to file. The IO submitted that allowing continuous use of their credentials by a third-party operator, without verifying either the nature of imports or the identity of the real importer, reflected gross absence of due diligence. The IO submitted that even if the CB was not the author of the invoices, they had constructive knowledge of their contents and of the pattern of clearances made in their name. The IO submitted that the combination of repeated undervaluation, fictitious IECs, and unauthorised delegation of licence functions demonstrated a systemic disregard of the obligations of a Customs Broker.

Accordingly, after analysing the evidence and the CB's submissions, the IO held that M/s P. G. Goswamy failed to exercise the degree of diligence required under Regulation 10(e) of the CBLR, 2018. The charge is proved.

14.7 Charge-V - Regulation 10(n): failure to verify antecedents, identity, and functioning of clients - The allegation under Regulation 10(n) was that the Customs Broker failed to verify the correctness of Importer-Exporter Code (IEC), Goods and Services Tax Identification Number (GSTIN), identity, and actual functioning of the importer clients at their declared addresses using reliable, independent, and authentic documents or data. The investigation conducted by the Directorate of Revenue Intelligence (DRI) revealed that the importers in whose names the Bills of Entry were filed - M/s V.G. Enterprises and M/s Shri Jee Enterprises were in fact non-existent or paper entities. When officers visited the premises mentioned in the IEC registration - UG-5B, Plot No. 28, Community Centre,

Pitampura, Delhi, they found only a signboard and no staff, business activity or infrastructure. The investigation further established that the same address had been used for multiple firms that had imported undervalued goods through the CB's licence. Statements recorded from Shri Chandan Choudhary and Shri Manoranjan Kumar of M/s S.S. Mommy International Pvt. Ltd. confirmed that they had never met the declared proprietors of those firms and that all documentation was handled internally by S.S. Mommy staff on behalf of the beneficial owners, Shri Sunil Kumar Aggarwal and Shri Neerav Kumar. The materials seized from S.S. Mommy's office included KYC packets of those importers prepared in bulk and stored along with other dummy IECs.

In their defence, the Customs Broker claimed that all required verifications were carried out. The CB asserted that IEC and GSTIN details were validated on the DGFT and GST portals and that copies of PAN, Aadhaar, and IEC certificates were obtained and filed. According to the CB, Regulation 10(n) did not require physical verification of premises and the mere absence of activity during DRI's search did not mean the firms were non-existent. The CB also relied on judicial precedents holding that a broker cannot be penalised merely because his clients later turn out to be defaulters.

The IO submitted that these contentions were untenable. The IO submitted that Regulation 10(n) requires verification not only of documentary identity but also of actual functioning of the importer at the declared address through "reliable, independent, authentic documents, data or information." The IO submitted that the intent of this clause, introduced by the 2018 Regulations, is to ensure that the broker establishes that the importer is a genuine operating entity before transacting business. In this case, the record showed that both importers were dummy firms without real business premises, created by the Aggarwal syndicate to channel undervalued imports. The fact that multiple IECs operated from the same address, that the CB never met any proprietor, and that all communications originated from S.S. Mommy's office demonstrated complete failure of antecedent verification. Portal validation of IEC numbers, being self-certified data, did not constitute independent or reliable verification when the firms had no physical or

operational existence. Moreover, the CB's continuing association with S.S. Mommy, which itself admitted using their licence for commercial consideration, showed deliberate disregard to the verification requirement.

On these facts, the IO found that Ms P.G. Goswamy did not verify either the antecedents or the functional existence of the importers whose consignments were cleared using their license. The violation of Regulation 10(n) is therefore proved.

14.8 Charge-VI - Regulation 10(q): failure to cooperate with investigation - The final allegation concerns deliberate non-cooperation by the Customs Broker (CB) during the investigation conducted by the Directorate of Revenue Intelligence (DRI). Regulation 10(q) mandates every Customs Broker to “cooperate with the Customs authorities and join investigations promptly whenever required.” The case record showed that multiple summons were issued to the CB - dated 17 August 2023, 17 October 2023, and 9 January 2024 requiring appearance before the DRI to record statements and produce documents relevant to the misuse of their licence. Despite proper service of those summons, the CB failed to appear on all occasions and did not provide the original records demanded. Owing to their persistent absence, DRI was compelled to initiate non-compliance proceedings before the Hon'ble Chief Metropolitan Magistrate, Patiala House, New Delhi, under the applicable provisions of the Customs Act, 1962. The record further noted that even after issuance of court directions, the CB neither joined the investigation nor offered any explanation for non-attendance.

The CB's written defence admitted that they did not appear personally but contended that they had cooperated by sending documents through email and that the alleged non-compliance was only technical. The CB further argued that they had sought cross-examination of witnesses and that such request, being part of natural justice, could not be treated as obstruction. The CB asserted that they had no intention to evade inquiry but could not attend due to professional constraints and health reasons.

The IO submitted that these contentions were unsustainable. Cooperation under Regulation 10(q) is not limited to furnishing documents; it requires personal appearance

and participation in the investigative process when summoned. The IO submitted that the CB's repeated failure to attend despite three summons and subsequent judicial proceedings amounted to wilful non-cooperation. Email transmission of partial records cannot replace statutory compliance with summons, particularly when the investigation concerned misuse of their own licence. The IO submitted that the right to cross-examine arises only after joining the inquiry; refusal to appear could not later be converted into a plea for cross-examination. Furthermore, the argument of "technical default" was contradicted by the DRI's formal complaint to the court, which established continuous defiance rather than inadvertent lapse.

Further, the IO submitted that after careful examination of the records of personal hearing, the contention of limitation under Regulation 17(1) of the CBLR, 2018 raised by the Customs Broker is not sustainable. The IO submitted that the records did not indicate any explicit or officially recorded date of the offence report as claimed by the CB. The IO submitted that the argument regarding delay was based purely on a presumption of such date without supporting evidence. The available documents confirmed that the offence report was received through official communication from DRI and that the Show Cause Notice was issued promptly thereafter, within a reasonable administrative period. Accordingly, the objection of delay beyond ninety days is unsupported by fact or record and is therefore rejected.

In respect of the request during the course of personal hearing for cross-examination of witnesses, the record showed that during the DRI's investigation, the Customs Broker was issued multiple summons to appear, tender statements, and seek cross-examination of the concerned witnesses. Despite these opportunities, the CB failed to attend and did not cooperate with the proceedings. Having chosen not to participate at the investigation stage, the CB cannot later invoke the right of cross-examination to stall or vitiate the inquiry. The request was therefore held untenable and rightly rejected.

The overall record of the inquiry proceedings demonstrated that due process was strictly followed, adequate opportunity of defence was provided, and the inquiry was

conducted in conformity with the principles of natural justice and the procedural framework prescribed under the Customs Brokers Licensing Regulations, 2018. Hence, the IO stated that the proceedings were found to be legally valid and procedurally sound.

The Inquiry Officer found that such conduct demonstrated deliberate disregard of lawful authority, impeded fact-finding, and violated the spirit of Regulation 10(q), which ensures transparency and accountability of licensed Customs Brokers. The charge of non-cooperation is, therefore, clearly proved on the basis of material evidence and admission by omission.

15. Summary of Findings

15.1 After detailed examination of the Show Cause Notice, the written defence, and all materials placed on record, the IO submitted that the inquiry established that the Customs Broker M/s P.G. Goswamy had committed multiple contraventions of the Customs Brokers Licensing Regulations (CBLR), 2018. Each charge had been proved through documentary evidence, corroborative statements, and the CB's own omissions.

15.2 The IO summarised his findings as below:

Regulation	Nature of Contravention	Findings	Status
1(4)	unauthorised transfer/renting of licence to M/s S.S. Mommy International Pvt, Ltd.	Statements, search Panchanama, and recovered records establish that the CB allowed another entity to operate his licence for monetary gain.	Proved
10(a)	Failure to obtain proper client authorisation	No authorizations produced from real importers; all documents handled by unauthorised third party; IECs found fictitious.	Proved
10(d)	Failure to advise clients to comply with law	CB Remained silent despite repeated undervaluation and vague descriptions: no alert to Customs.	Proved
10(e)	Lack of due diligence in verifying information	CB continued filing entries with obviously undervalued and mis-declared goods through a third party; gross negligence established.	Proved
10(n)	Failure to verify antecedents and functioning of importers	Firms proved non-existent; CB relied on superficial portal checks; no genuine verification conducted.	Proved
10(q)	Non-cooperation with investigation	Repeated summons ignored; non-appearance even after court process; deliberate non-cooperation.	Proved

16. Under the provisions of Regulation 17(6) of the CBLR, 2018, a copy of the Inquiry Report dated 14.11.2025 was shared with the CB and further, to uphold the Principle of Natural Justice an opportunity of personal hearing was granted to the CB on 20.01.2026,

RECORDS OF PERSONAL HEARING: -

17. The personal hearing in the matter was held on 20.01.2026 before me in virtual mode. Shri Akhil Maggu, counsel for the CB and Ms. Preceilla Goswamy, Proprietor of M/s P.G. Goswamy appeared for the hearing. They explained the details regarding the allegations made against them, reiterated their submission made during the Inquiry and requested time till 23.01.2026 to submit additional reply in writing. Their request was accepted and subsequently, the CB filed their written submission dated 20.01.2026 vide email dated 20.01.2026.

WRITTEN SUBMISSION OF THE CB: -

18. The CB submitted that the present written submissions are being filed in continuation and in addition to the written statement of defence dated 22.05.2025 which were submitted before the inquiry officer.

18.1 The CB submitted their written statement of defence before the inquiry officer and the same was submitted on merits and the CB also requested for cross-examination of Sh. Manoranjan Kumar as it was on his statement that the proceedings against the CB were initiated.

18.2 The CB submitted that they would like to make the following preliminary submissions which are as under:

i) The CB submitted that in the present matter, the impugned SCN had been issued on 16.05.2025 and as per their admission of the department, the offence report was submitted in the office of the Principal Commissioner Of Customs (General), Customs Broker Section, New Custom House, Ballard Estate, Mumbai-I on 12.02.2025 and going by that, clearly the impugned SCN was issued after a period of 90 days which is against the mandatory mandate of Regulation 17 (1) of CBLR, 2018, which reads as under:

‘17. Procedure for revoking license or imposing penalty:

The Principal Commissioner or Commissioner of Customs shall issue a notice in writing to the Customs Broker within a period of ninety days from the date of receipt of an offence report, stating the grounds on which it is proposed to revoke the license or impose penalty requiring the said Customs Broker to submit within thirty days to the Deputy Commissioner of Customs or Assistant Commissioner of Customs nominated by him, a written statement of defence and also to specify in the said statement whether the Customs Broker desires to be heard in person by the said Deputy Commissioner of Customs or Assistant Commissioner of Customs.’

ii) The CB submitted that in the present matter the inquiry report had been submitted after a delay of more than 90 days from the date of issuance of the impugned SCN which was issued and served upon the CB on 14.11.2025 and within the mandatory period of 90 days no inquiry report was submitted by the inquiry officer in terms of Regulation 17(5) of CBLR, 2018. The CB submitted that as per Regulation 17(5) of CBLR, 2018, the inquiry officer shall submit the inquiry report within 90 days from the date of issuance of SCN so issued under Regulation 17(1) of CBLR, 2018.

iii) That in the present matter the CB submitted that the SCN was issued on 16.05.2025 and the period of 90 days expired on 16.08.2025, but thereafter a further period of almost 88 days passed and no inquiry report was submitted by the inquiry officer within the mandatory stipulated time frame. Thereafter, after a delay and lapse of 88 days, the inquiry report was filed by the inquiry officer.

iv) The CB submitted that they cannot be said to have violated any provisions of CBLR 2018, and furthermore the impugned SCN needs to be set aside on the grounds of limitation alone as the impugned SCN as well as the inquiry report has been submitted after an expiry of 90 days as per the provisions carried out under Regulation 17(1) and 17(5) of the CBLR, 2018. Regulation 17(5) of CBLR, 2018 is reproduced herein below:

“17. Procedure for revoking license or imposing penalty:

(5) At the conclusion of the inquiry, the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, shall prepare a report of the inquiry and after recording his findings thereon submit the report within a period of ninety days from the date of issue of a notice under sub-regulation (1).”

v) The CB submitted that they placed reliance upon the judgments passed by the Hon'ble High Courts of the country and the Hon'ble Tribunal in a number of cases wherein it had held that the time limits prescribed under CBLR, 2018 is mandatory and they have to be followed strictly. Attention is invited in the following matters:

- a) M/s Rakesh Sharma Vs. CC, New Delhi (I&G),
- b) Overseas Air Cargo Services versus Commr. Of Cus. (General), New Delhi reported as 2016 (340) E.L.T. 119 (Del.);
- c) Impexnet Logistic Versus Commissioner of Customs (General) reported as 2016 (338) E.L.T. 347 (Del.);
- d) Indair Carrier Pvt. Ltd. Versus Commissioner of Customs (General) reported as 2016 (337) E.L.T. 41 (Del.); and
- e) Sunil Dutt versus Commissioner of Cus. (General), NCH reported as 2016 (337) E.L.T. 162 (Del.).
- f) Sanco Trans Ltd. vs. Commissioner of Customs, Sea Port/Imports, Chennai: (2015) 322 E.L.T. 170 (Mad.)
- g) Commissioner v. Eltece Associates 2016 (334) E.L.T. A50 (Mad.)."
- h) HLPL Global Logistics P. Ltd. v. Commissioner of Customs, (2016) 40 GSTR 86 (Delhi))
- i) Santon Shipping Services Vs. The Commissioner of Customs reported as 2017 SCC OnLine Mad 7084.
- j) A.M. Ahamed & Co. V. Commissioner of Customs (Imports), Chennai- 2014 (309) E.L.T. 433 (Mad)
- k) Masterstroke Freight Forwarders P. Ltd., V. Commissioner of Customs (I), Chennai - 2016 (332) ELT 300 (Mad.)
- l) M/s Leo Cargo Services Pvt. Ltd. Versus Commissioner of Customs (Airport & General); CUSAA 8/2020; Delhi High Court

vi) The CB submitted that the Larger Bench of the Hon'ble Tribunal in the case of M/s D. S. Cargo Agency Versus Commissioner of Customs (Airport and General), New Delhi in Custom Appeal No. 50618 of 2019 took the consistent view holding that the time frame prescribed under the Customs Broker Licensing Regulations, 2013 to be mandatory and non-compliance thereof would result in dropping of the proceedings.

18.3 The CB submitted that the inquiry officer blatantly refused to follow the mandatory regulation 17(4) of CBLR, 2018 which was mandatorily to be followed by him and the cross-examination was ought to have been allowed by the inquiry officer. The CB invited

attention to the judgment passed by Hon'ble High Court in the State of Telangana at Hyderabad in the case of Shasta Freight Services Pvt. Ltd. Versus Pr. Commr. Of Cus., Hyderabad reported as 2019 (368) E.L.T. 41 (Telangana). The CB submitted that the said decision was upheld by the Hon'ble Supreme Court in Shasta Freight Services Pvt. Ltd. Versus Pr. Commissioner of Customs reported as 2022 (381) E.L.T. 436 (S.C.).

18.4 The CB submitted that it is apt to mention here that the Hon'ble Customs, Excise & Service Tax Appellate Tribunal, Mumbai also followed the said decision and had set aside the order of revocation of the custom broker license of the appellant therein in the case titled as M/s Shivam Corporation Versus Principal Commissioner of Customs (General), Mumbai, New Custom House, Ballard Estate, Mumbai bearing Customs Appeal No. 85704 of 2023.

18.5 The CB submitted that the allegations against them stem out solely on the basis of assumptions and presumptions of the department and they had not contravened any provisions of the Customs Act, 1962. That furthermore, the CB submitted that the SCN failed to prove as to how and in what manner they had dealt with the subject import goods or was in collusion with the said exporters.

18.6 The CB submitted that, in fact, there is no case against them and they had acted as a bonafide Custom Broker and this fact is brought on record and be verified from the fact that the KYC of each and every exporter is with the CB and the same is in terms with the board circular 09/2010-Customs Dated 08.04.2010 (as amended till date).

18.7 The CB submitted that they submitted the KYC before the customs authorities and they are again submitting the KYC of each and every importer handled by him so mentioned in the impugned SCN whose details are as follows:

- a) Shree Ram Economical Traders
- b) Shri Jee Enterprises
- c) VG Enterprises
- d) Shri Shiva Traders
- e) Star Enterprise
- f) Shree Shyam Corporation
- g) Shree Samanth Trade Impex
- h) Shri Santhil Enterprises

18.8 The CB further relied upon the case of *Horizon Cleford Private Limited Versus Principal Commissioner of Customs (General), Mumbai, New Custom House, Ballard Estate, Mumbai bearing Customs Appeal No. 87031 of 2024*, wherein the Hon'ble Customs, Excise & Service Tax Appellate Tribunal, Mumbai had set aside the revocation of the customs broker licence of the appellant therein on the exact same facts and circumstances.

18.9 The following is a summary of the written submission dated 22.05.2025 made by the CB M/s P.G. Goswamy to the Inquiry Officer in response to the Show Cause Notice issued under CBLR, 2018:

- i. The Customs Broker (CB) began by raising a strong preliminary objection regarding the mandatory time limits prescribed under Regulation 17 of the CBLR, 2018. They argued that the Show Cause Notice was issued well beyond the 90-day period from the date of receipt of the offense report, and the subsequent inquiry proceedings have also been delayed. Citing several High Court and CESTAT judgments, the CB contends that these timelines are not merely directory but mandatory, and any failure to adhere to them vitiates the entire proceeding, rendering it void *ab initio*.
- ii. Regarding the charge of renting out the license (Regulation 1(4)), the CB vehemently denies any unauthorized transfer. They asserted that they were acting as a bona fide agent for the importers and that the allegations are based on the uncorroborated statements of third parties like Sh. Manoranjan Kumar. The CB argued that the department has failed to provide any "fiduciary evidence" or financial trail that proves the license was traded for a fee, maintaining that they remained the sole controller of their digital signatures and customs operations
- iii. On the allegations of failing to obtain proper authorization (Regulation 10(a)), the CB submitted that they collected all necessary KYC documents, including IEC, GST, and PAN details, from the importers through their representatives. They argue that as a broker, they are not expected to conduct a "roving inquiry" into the deep-seated motives of the importers. Since the proprietors of these firms were found to be existent individuals whose statements were recorded by the DRI, the CB maintains that the authorizations were valid and obtained from legal entities.
- iv. In defence against valuation and compliance charges - Regulation 10(d) and 10(e), the CB argued that they are not experts in the valuation of every generic commodity like sanitary items. They claimed that they filed the Bills of Entry

based on the invoices and packing lists provided by the clients. The CB asserted that the duty to verify the value of goods lies with the assessing officer of Customs, and a broker cannot be held liable for the "conscious concealment" of value or mis-declaration by an importer unless direct collusion is proven, which they deny.

- v. Regarding KYC and client functioning (Regulation 10(n)), the CB highlighted that they verified the existence of the firms through the DGFT and GST portals. They challenged the department's finding that several firms were non-existent, pointing out that many of these firms had conducted valid transactions and were registered at the time of import. They argued that the CBLR does not mandate a "physical visit" to the premises of every client and that relying on government-issued identity documents constitutes sufficient due diligence under the prevailing law.
- vi. Finally, concerning non-cooperation (Regulation 10(q)), the CB denied any deliberate attempt to stall the investigation. They stated that they responded to summons through written communications and emails, providing the documents requested. They argued that their absence from personal appearances was not due to a lack of respect for the law but due to procedural disagreements and the fact that the department already possessed the relevant records.

18.10 Finally, the CB stated and submitted that they had not contravened any regulations of the CBLR, 2018. In the light of the submissions made herein above, the CB most respectfully requested to the Adjudicating authority to kindly set aside the impugned show cause notice and restore the CB license of them. The CB submitted that the present reply of them be taken on record in order to decide the present case.

DISCUSSIONS AND FINDINGS: -

19. I have gone through the facts and records of the case; the Offence Report in the form of SCN vide no. 08/PC/NOIDA/CUS/2024-25 dated 12.02.2025 issued by the Pr. Commissioner of Customs, Noida along with letter vide F. No. DRI/2024HQ-CI/B-Cell/50D/Enq-09/2024/(Pt. 1)/193 dated 12.02.2025 issued by the Additional Director, DRI/Delhi; Suspension Order No. 52/2024-25 CBS dated 25.03.2025; Suspension Continuation Order No. 01/2025-26 dated 09.04.2025; Show Cause Notice No. 06/2025-26 dated 16.05.2025 issued under Regulation 17(1) of the CBLR, 2018; Inquiry Report

dated 14.11.2025, PH records dated 20.01.2026; the CB's written submissions dated 20.01.2026 and 22.05.2025.

19.1 To summarize in brief, I find that the case emanates from an investigation led by the Directorate of Revenue Intelligence (DRI), Delhi. The investigation conducted by the DRI, Delhi, revealed a massive fraudulent scheme orchestrated by a syndicate led by Shri Sunil Kumar Aggarwal and Shri Neerav Kumar, who utilized at least 17 dummy or proxy Import Export Codes (IECs) to import unbranded sanitary items, toys, electronic parts, etc. These goods were systematically mis-declared with generic descriptions and significantly undervalued by upto 7.5 times the actual value to evade customs duties. To facilitate these clearances at ICD Dadri, the syndicate "rented" the Customs Broker license of M/s P.G. Goswamy (License No. 11/1690) and others through Sh. Manoranjan Kumar of M/s SS Mommy International Pvt Ltd, paying a fee of Rs. 300 to Rs. 700 per container. This illicit operation facilitated the syndicate in importing goods by resorting to gross undervaluation leading to a substantial revenue loss of approximately Rs. 224.31 Crores over hundreds of consignments. As a result, M/s P.G. Goswamy is charged with multiple grave violations of the CBLR, 2018, specifically Regulations 1(4), 10(a), 10(d), 10(e), 10(n), and 10(q). The Show Cause Notice alleges that the broker unlawfully transferred their license for monetary gain, failed to verify the identity or functioning of their clients at declared addresses, and did not maintain any direct contact with the actual importers. Furthermore, the proprietor consistently evaded the investigation by failing to appear for multiple summons, leading to non-compliance proceedings in the Patiala House Court. Consequently, the license was suspended on 25.03.2025 and the SCN proposed permanent revocation of the license, forfeiture of the security deposit and the imposition of penalties.

20. I find that 06 articles of charges have been framed against the CB viz. violation of Regulations 1(4), 10(a), 10(d), 10(e), 10(n) and 10(q) of the CBLR 2018 which have been held as 'Proved' by the Inquiry Officer. Now, I proceed to discuss the articles of charges, sequentially.

20.1 Violation of Regulation 1(4) of the CBLR, 2018:

(a) I find that the charge of violation of Regulation 1(4) of the CBLR, 2018 has been levelled against the CB on the grounds that, 'upon a detailed examination of the subject offence report, it was revealed that Mr. Manoranjan Kumar, who held the position of Controller at M/s SS Mommy International Pvt Ltd., had obtained Customs Broker License on rent basis from the Proprietor of M/s P.G. Goswamy. The said fact had been disclosed by Sh. Manoranjan Kumar in his statement dated 21.08.2024. Furthermore, based on the statements provided by Mr. Manoranjan Kumar and his employee, Mr. Chandan Kumar, it was established that the license belonging to M/s PG Goswamy was unlawfully used by M/s SS Mommy International Pvt Ltd. In exchange for this unauthorized use, the company had provided monetary benefits to the license holder, thereby implicating them in a scheme of corrupt practices and violation of customs regulations. This revelation points to a clear breach of legal and procedural norms governing customs licensing and import clearance processes, raising serious concerns about misconduct and illicit activities.

As per Regulation 1(4) of CBLR, 2018, no license can be sold or transferred. Therefore, in the present case, the act of the licensee of voluntarily relinquishing or transferring his license to an unauthorized individual, particularly in exchange for monetary consideration, constituted a clear violation of the aforementioned regulatory provision. By engaging in such conduct, the Customs Broker appeared to have contravened the strict prohibitions set forth in Regulation 1(4), thereby undermining the integrity of the licensing regime and potentially compromising regulatory oversight and compliance standards established under Regulation 1(4) of the CBLR, 2018.'

(b) I find that the inquiry officer, in this regard, has observed that, the allegation is that the Customs Broker's licence, which is granted in favour of the licensee alone, was effectively transferred for use by an outside entity, namely M/s S.S. Mommy International Pvt. Ltd. The record shows that DRI's investigation recovered ledgers, copies of Customs Broker licences, and KYC packets of multiple dummy IECs from the office of M/s S.S. Mommy International during a search on 16.05.2023; the search Panchanama notes that both the licences of M/s P. G. Goswamy and another CB were being operated by that

company on a rental basis against monthly payments, and that goods for VG Enterprises and Shri Jee Enterprises were cleared on these licences. Regulation 1(4) prohibits not only sale but any form of transfer; the critical enquiry is whether operational control over the licence functions was ceded to a third party. Here, contemporaneous seizure from S.S. Mommy's premises of CB - licence copies and client packets, read with the admissions of Sh. Manoranjan Kumar regarding routine use of the CB's licence for clearances and per-container payments, establishes de facto third-party use. A banking trail is corroborative but not constitutive: de facto transfer is made out when a non-licensee runs customs clearance activities in the CB's name, files documents, and manages OTP-based statutory interfaces using the CB's credentials. The CB's late request for cross-examination does not dislodge these primary materials, and in any case his persistent non-appearance during investigation was recorded with summons and court proceedings noted in the SCN, which undermines an equitable claim to cross-examination at this stage. Accordingly, on facts and law, the contravention of Regulation 1(4) is proved.

(c) I have gone through the CB's submission in this regard wherein the CB has denied the allegation that the license was rented or transferred to Sh. Manoranjan Kumar of M/s SS Mommy International Pvt. Ltd. The CB asserts that they acted solely as a bona fide Customs Broker for the subject import consignments and that the allegations of license "renting" in exchange for monetary gain are based on assumptions, presumptions, and statements that have not been proved. The CB maintains that no evidence of collusion or a 'fiduciary interest' in the alleged malpractice has been provided by the department.

(d) Regulation 1(4) states that, "*Every license granted or renewed under these regulations shall be deemed to have been granted or renewed in favour of the licensee, and no license shall be sold or otherwise transferred*". Having carefully perused the facts of the case, I find that the charge under Regulation 1(4) strikes at the very heart of the licensing regime. The Customs Broker license is a personal privilege granted based on the character and qualification of the applicant; it is strictly non-transferable. The evidence on record, specifically the voluntary statement of Sh. Manoranjan Kumar of M/s SS Mommy

International Pvt. Ltd., clearly establishes that the CB had effectively outsourced or rented his license for a consideration of Rs. 300 to Rs. 700 per container. The CB's defence that they were acting as a bona fide agent is belied by the total absence of any employee-employer relationship or professional contract with the individuals actually filing the documents. The investigation proves that the CB had no control over the documents being filed under his name. By allowing a third-party syndicate to utilize his digital credentials for a fee, the CB became a name-lender, converting a regulatory license into a tool for illicit profit. The CB's plea regarding a lack of fiduciary interest is irrelevant; the mere act of permitting an unauthorized person to handle customs work under one's license constitutes a transfer of the license's utility. Also, Shri Manoranjan Kumar in his statement recorded before the investigating agency, admitted that he paid an amount of Rs. 300-700 per container to the CB in lieu of using their license. The CB's conduct facilitated the imports of goods grossly undervalued goods resulting in substantial loss of Government revenue. I find the CB in outright violation of Regulation 1(4) of the CBLR, 2018.

20.2 Violation of Regulation 10(a) of the CBLR, 2018:

(a) I find that the charge of violation of Regulation 10(a) of the CBLR, 2018 has been levelled against the CB on the grounds that, 'on scrutiny of the subject offence report, it appeared that all IECs which were used by the syndicate of Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar, were found fictitious and proxy. Further, it was observed that the Customs Broker license of M/s P.G. Goswamy was utilized by Sh. Manoranjan Kumar, Controller of M/s SS Mommy International Pvt Ltd for against some monetary consideration as the same was stated by Sh. Manoranjan Kumar in his statement dated 21.08.2024. This suggested that the CB license was effectively rented out or leased to another party, which was a violation of the prescribed regulations. Additionally, the fact that the CB did not come forward to record their statement raised suspicions that they were evading the investigation and avoided providing details relevant to the case and its investigation. Moreover, in his statement dated 11.08.2023, Sh. Vinit Garg, Proprietor of M/s VG Enterprises, stated that he had provided his IEC to Sh. Neerav Kumar and claimed

ignorance regarding any mis-declaration of goods. This indicated a possible scenario where the imported goods were brought in using dummy IECs, for which the actual importers did not authorize the customs broker to carry out clearance procedures. Based on these findings, it appeared that the Customs Broker engaged in violations of the provisions laid out in Regulation 10(a) of the CBLR, 2018, by facilitating the import of goods through unauthorized and fictitious IECs and by possibly allowing the use of their license on a rent basis without proper authorization or oversight.

(b) I find that the inquiry officer, in this regard, has observed that, the CB's contention cannot be accepted. The IO submitted that regulation 10(a) does not merely require maintenance of documents; it imposes a duty to obtain a written authorisation from the actual importer for each clearance and to produce it on demand. The essence of authorisation is proof of a bona fide principal-agent relationship. The evidence here demonstrates that the CB's licence was operated by another company that itself dealt with fictitious or shell importers. The IO submitted that no letter of authority, power of attorney, or specific written mandate from the declared importers was produced either before DRI or during inquiry. The IO submitted that portal-based verification of IEC and GSTIN cannot replace the requirement of written consent from the real principal, especially when the supposed clients were found to be non-existent. Therefore, the CB's argument that possession of KYC papers is sufficient fails on both factual and legal grounds. The IO submitted that the cumulative material including the non-functional addresses of the importers, the absence of genuine communication between the CB and any importer, and the admitted use of the licence by M/s S.S. Mommy establishes that the CB did not obtain valid client authorisations and permitted unauthorised persons to file documents in their name. Therefore, the IO found that the charge under Regulation 10(a) is proved.

(c) I have gone through the CB's submission in this regard wherein the CB has contended that they obtained all proper authorizations and KYC documents from the importers as required under the Customs Act, 1962, and CBLR, 2018. The defence states that these documents were presented to proper officers while handling the import

consignments. The CB further argues that the proprietors of the firms in question are existent individuals whose statements were recorded by the department, thereby refuting the claim that the authorizations came from non-existent or fictitious entities.

(d) I have perused the facts and records of the case, the findings of the inquiry officer and the defence arguments of the CB. I find that the CB contends that they possessed authorizations from the firms involved. However, the legal requirement to obtain authorization is not a mere clerical task of collecting a signed paper; it implies obtaining a valid mandate from a legitimate and verifiable importer. The investigation revealed that the proprietors of these firms were mere fronts who were paid small sums to lend their names to the syndicate operated by Shri Sunil Kumar Aggarwal and Shri Neerav Kumar. Further, Shri Vinit Garg, proprietor of M/s VG Enterprises in his statement recorded before the DRI stated that Shri Neerav Kumar controlled all operations of the said firm which establishes that the CB M/s P.G. Goswamy was never authorized by the IEC holder. This statement alongwith other findings of the investigation makes it clear as daylight that the CB was never authorized by the IEC holders for conducting Customs clearance work for them. I find that Regulation 10(a) imposes a duty of inquiry on the CB to ensure that the person authorizing them is the actual owner of the goods. By accepting authorizations from Sh. Manoranjan Kumar on behalf of various IEC holders without once meeting the actual proprietors or verifying their business intent, the CB bypassed the primary safeguard against fraudulent imports. The authorizations were proper only in form, but fraudulent in substance. The CB acted as a facilitator for the syndicate's front companies, and by failing to verify the authenticity of the mandate, they allowed the syndicate to hoodwink the department leading to the massive duty evasion recorded in the Offence Report. In light of these findings, I uphold the charge of violation of Regulation 10(a) of the CBLR, 2018.

20.3 Violation of Regulation 10(d) of the CBLR, 2018:

(a) I find that the charge of violation of Regulation 10(d) of the CBLR, 2018 has been levelled against the CB on the grounds that, 'from the statements of Sh. Sunil Kumar Aggarwal, Sh. Neerav Kumar, Sh. Inderjeet, Sh. Pankaj Khanna, Sh. Dinesh and Sh.

Rakesh, it was revealed that Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar had imported all the goods in the name of proxy/fictitious IECs. As per statement dated 21.08.2024 of Sh. Manoranjan Kumar, controller of M/s SS Mommy International Pvt. Ltd., the services of the Customs Broker M/s P.G. Goswamy was utilized by them for mixed goods and Rs. 300-500/- per container was paid to CB license holders in lieu of using their licenses for import of goods. An in-depth analysis of the offence report indicated that the Customs Broker involved neither interacted directly with the actual IEC holders nor established any contact with the beneficial owners of the imported goods.

Consequently, it appeared that the Customs Broker license was exploited unlawfully by unauthorized persons who did not hold legitimate authorization or ownership rights over the import activities. Moreover, it was evident that the Customs Broker failed to adhere to the provisions stipulated under Regulation 10(d) of the CBLR, 2018 under which CB has to advise his client to follow the provisions of the act, other allied acts and the rules and regulations thereof. It was also apparent from the investigation that the Customs Broker did not fulfil their legal obligation to inform or alert the Customs authorities about any discrepancies, irregularities, or suspicious activities related to the import transactions. This neglect signified a breach of the duty to ensure compliance and maintain transparency during customs procedures. In light of the foregoing findings, it appeared that the Customs Broker had committed a violation of Regulation 10(d) of the CBLR, 2018, by failing to provide appropriate guidance to clients regarding compliance obligations and by not reporting irregularities to the Customs authorities, thereby compromising the integrity of the customs clearance process.'

(b) I find that the inquiry officer, in this regard, has observed that, the CB contended that he was not personally involved in price determination or description of goods and that his role was limited to professional filing of Bills of Entry based on client documents. The CB argued that there is no evidence showing they advised clients to contravene any provision or that he had knowledge of misdeclaration. The defence relied on case law asserting that culpability requires proof of intent or active connivance. The IO submitted

that this defence cannot withstand scrutiny. The IO submitted that Regulation 10(d) creates an affirmative obligation to advise clients to comply and, on discovering irregularities, to inform Customs authorities. It is not confined to cases of proven mens rea; 'negligence or inaction in the face of evident non-compliance constitutes breach. Here, the systemic undervaluation, repetitive generic descriptions, and routing of documents through a third-party operator are circumstances that would alert any prudent broker. The IO submitted that instead of advising compliance or alerting Customs, the CB allowed continued filing of such consignments through his credentials. His silence and inaction facilitated the misuse of his licence and enabled continuation of fraudulent imports. On these facts, the IO concluded that the CB had failed to discharge their duty under Regulation 10(d). Accordingly, the IO found that the charge under Regulation 10(d) was proved.

(c) I have gone through the CB's submission in this regard wherein, the CB argued that there is no evidence on record to show they ill-advised clients or had any knowledge of non-compliance by the importers. Relying on judicial precedents, the defense maintains that a Customs Broker cannot be held liable for an importer's conscious concealment of facts or irregularities of which the broker was unaware. The CB asserts they acted in a bonafide belief based on the documents supplied for preparing the Bills of Entry.

(d) Having carefully perused the facts of the case, I find that the CB argued that a Customs Broker is not an "officer of the department" and cannot be held liable for the conscious concealment of facts by an importer. This argument is a convenient misinterpretation of Regulation 10(d). The regulation mandates that a broker must advise a client to comply with the Act and, in the event of non-compliance, must bring the matter to the notice of the Assistant/ Deputy Commissioner. In this case, the Goods were unbranded, the descriptions were intentionally vague, and the declared values were up to 7.5 times lower than the market rate. These are not hidden facts but glaring irregularities evident on the face of the import documents. The failure of the CB to advise the clients to declare the true value, or to report these suspicious patterns to the Customs authorities, indicates collusion with the importers. The CB chose to remain silent in lieu of monetary

considerations while the syndicate cleared container after container of undervalued goods. This wilful blindness is equivalent to professional misconduct. The CB's duty is not just to the importer but to the Department as well but they have demonstrated a complete lack of professional integrity. In view of these, I observe that the Inquiry Officer has rightly held the charge of violation of Regulation 10(d) of the CBLR, 2018 as proved.

20.4 Violation of Regulation 10(e) of the CBLR, 2018:

(a) I find that the charge of violation of Regulation 10(e) of the CBLR, 2018 has been levelled against the CB on the grounds that, 'on scrutiny of the offence report, it appeared that the CB did not exercise due diligence and did not impart correct information with reference to any work related to clearance of cargo. As per statement dated 21.08.2024 of Sh. Manoranjan Kumar, controller of M/s SS Mommy International Pvt. Ltd., the services of the Customs Broker M/s P.G. Goswamy were utilized by them for mixed goods and Rs. 300-500/- per container was paid to CB license holder in lieu of using their licenses for import of goods. Scrutiny of the offence report indicated that the CB did not maintain any substantive connection with Import Export Code (IEC) holders or the genuine owners of the imported goods. Instead, it appeared that the license was clandestinely transferred to unauthorized persons in pursuit of illegitimate monetary gains, thereby facilitating the misuse of the license by a syndicate operated by Sh. Sunil Kumar Aggarwal and Sh. Neerav Kumar. This syndicate engaged in the mis-declaration or undervaluation of goods under the guise of benami, bogus, or proxy IECs, thus orchestrating a systematic scheme to evade rightful duties and taxes. Had the CB exercised diligent oversight during the customs clearance process, such a substantial fraud could have been identified and mitigated at an incipient stage, thereby safeguarding legitimate government revenue. The failure to perform such due diligence underscored a significant lapse in adhering to the prescribed standards of professional conduct and statutory obligations.

Based on the aforementioned facts, it was apparent that the CB did not conform to the provisions enshrined under Regulation 10(e) of the Customs Brokers Licensing Regulations (CBLR), 2018, which mandated that the CB to exercise due diligence to

ascertain the correctness of any information he imparted to a client with reference to any work related to clearance of cargo or baggage. Consequently, it appeared that the CB did not fulfil their obligations as stipulated under the relevant regulatory framework, thereby undermining the integrity of the customs clearance process and facilitating illicit activities.'

(b) I find that the inquiry officer, in this regard, has observed that, the duty under Regulation 10(e) is not limited to mechanical verification of registration data; it extends to applying professional judgment to ensure that the particulars conveyed to Customs are reasonable and truthful. Where invoices describe heterogeneous goods in ambiguous language and declared values are only a fraction of market price, a prudent broker must seek clarification or decline to file. The IO submitted that allowing continuous use of their credentials by a third-party operator, without verifying either the nature of imports or the identity of the real importer, reflects gross absence of due diligence. The IO submitted that even if the CB was not the author of the invoices, they had constructive knowledge of their contents and of the pattern of clearances made in their name. The IO submitted that the combination of repeated undervaluation, fictitious IECs, and unauthorised delegation of licence functions demonstrates a systemic disregard of the obligations of a Customs Broker. Accordingly, after analysing the evidence and the CB's submissions, the IO held that M/s P. G. Goswamy failed to exercise the degree of diligence required under Regulation 10(e) of the CBLR, 2018 and hence, the charge is proved.

(c) I have gone through the CB's submission in this regard wherein the CB claims that they exercised due diligence by verifying the importers' details through official government channels, including the DGFT website and GST network. The CB argued that as an agent, their duty is to satisfy themselves that the importer possesses a valid IEC and is reflected in authorized lists, rather than acting as a revenue official empowered to investigate the deep veracity of every statement. They contend that no *mens rea* or deliberate intention to defraud has been established.

(d) Having carefully perused the facts of the case and evidences on record, I find that the CB claims that verifying the IEC and GST details on government portals constitutes

due diligence. This is a minimalist and flawed interpretation of Regulation 10(e), which requires the broker to “exercise due diligence to ascertain the correctness of any information which he imparts to a client with reference to any work related to Clearance of cargo.” The Bill(s) of Entry were filed without questioning the veracity of the prices or the authenticity of the unbranded descriptions. Due diligence is a qualitative standard, not a quantitative one. When a broker handles various importers, all represented by the same handler and all importing similar goods under similar suspicious circumstances, the standard of diligence must be heightened. The CB’s failure to cross-check the declared values against contemporaneous data or to ask for manufacturer invoices proves a lack of diligence. The CB passed the data provided to them into the Customs EDI system without any critical examination. The resulting loss of Rs. 224 Crores to the exchequer is a direct consequence of such negligence. Therefore, the CB cannot take shelter behind the shallow defence of portal verification to escape the consequences of failing to perform a substantive check on the information received from importers which during the investigation proved to be dummies operated by unscrupulous elements . Going through the facts and evidences on record I am inclined to observe that the CB has violated Regulation 10(e) of the CBLR, 2018.

20.5 Violation of Regulation 10(n) of the CBLR, 2018:

(a) I find that the charge of violation of Regulation 10(n) of the CBLR, 2018 has been levelled against the CB on the grounds that, ‘as per the offence report, the said Customs Broker license was utilized by one Sh. Manoranjan Kumar, controller of M/s SS Mommy International Pvt. Ltd. against monetary benefits to the proprietor of M/s P.G. Goswamy. It is pertinent to mention that Sh. Manoranjan Kumar was not an employee/partner/director of the CB firm M/s P.G. Goswamy. As per the statement dated 16.01.2024 of Sh. Chandan Chaudhary, Import Manager of M/s SS Mommy International Pvt Ltd, the subject license was used by Sh. Manoranjan Kumar or M/s SS Mommy International Pvt. Ltd. on the direction of Sh. Sunil Kumar Aggarwal and Neerav Kumar. It was also stated by Sh. Chandan Chaudhary that they had never met with IECs holders of the goods. Further, vide

the statement dated 11.08.2024, Sh. Vinit Garg, Proprietor of importing firm M/s V.G. Enterprises was recorded under which he stated that he had given his IEC to Sh. Neerav Kumar on some monetary benefit and he did not know anything about mis-declaration of goods. Hence, it appeared that the subject goods were imported on dummy IECs.

Thus, it was evident that authorized person of the Customs Broker had never met the IEC holders and specifically, it appeared that the Customs Broker did not undertake the required verification of the antecedents of the importing firms, a crucial step intended to ensure the legitimacy and authenticity of the entities involved in the import process. According to Regulation 10(n) of the CBLR, 2018, CB has to verify the antecedent, correctness of IEC code, identity of his client and the functioning of his client at the declared addresses by using reliable, independent, authentic documents, data or information but CB failed to do so. If the Customs Broker had conducted antecedent verification of the said importing firms, such fake/bogus IECs would have been detected before the import occurred. Consequently, it appeared that the CB had failed to fulfil the obligations stipulated under Regulation 10(n) of the CBLR, 2018.'

(b) I find that the inquiry officer, in this regard, has observed that, the CB's contentions are untenable. The IO submitted that Regulation 10(n) requires verification not only of documentary identity but also of actual functioning of the importer at the declared address through "reliable, independent, authentic documents, data or information." The IO submitted that the intent of this clause, introduced by the 2018 Regulations, is to ensure that the broker establishes that the importer is a genuine operating entity before transacting business. In this case, the record shows that both importers were dummy firms without real business premises, created by the Aggarwal syndicate to channel undervalued imports. The fact that multiple IECs operated from the same address, that the CB never met any proprietor, and that all communications originated from S.S. Mommy's office demonstrate complete failure of antecedent verification. Portal validation of IEC numbers, being self-certified data, does not constitute independent or reliable verification when the firms have no physical or operational existence. Moreover, the CB's continuing association with M/s

S.S. Mommy, which itself admitted using his licence for commercial consideration, shows deliberate disregard of the verification requirement. On these facts, the IO found that Ms P.G. Goswamy did not verify either the antecedents or the functional existence of the importers whose consignments were cleared in his name. The violation of Regulation 10(n) is therefore proved.

(c) I have gone through the CB's submission in this regard wherein the CB asserts that their employee physically collected KYC documents, including Aadhar cards, PAN cards, and partnership deeds, directly from the importers. They argue that CBLR does not mandate a "physical personal meeting" with directors or a physical verification of the business premises. The defense highlights that the department's own recording of the proprietors' statements proves the clients were not fictitious and that the CB fulfilled their obligation by verifying reliable, independent documents.

(d) Having gone through the facts of the case and the available records, I find that Regulation 10(n) requires a broker to verify the identity of the client and the "functioning" of the client at the declared address using "reliable, independent, and authentic" documents. The CB argued that they collected KYC documents and that a "physical visit" to the premises is not required by law. This defence fails miserably in the context of this case. The investigation by the DRI found that the importing firms were non-existent or "fictitious" at their declared addresses. If the CB had truly used "reliable and independent" data, they would have discovered that these firms were mere shells. Verification of functioning implies ensuring that the importer has a real place of business and is a genuine trader. Accepting an Aadhar card or a GST certificate from a middleman without verifying that the business is actually operating from the given address is a breach of trust. The CB's employee allegedly collected these documents, yet could not provide any evidence of having visited the premises or met the proprietors. This failure to verify the functioning of the client allowed the syndicate to create a ghost import network effecting gross undervaluation and misdeclaration of imported goods leading to loss of Government

revenue running into several crores. Consequently, I uphold the charge of violation of Regulation 10(n) of the CBLR, 2018.

20.6 Violation of Regulation 10(q) of the CBLR, 2018:

(a) I find that the charge of violation of Regulation 10(q) of the CBLR, 2018 has been levelled against the CB on the grounds that, 'From the scrutiny of offence report, it appeared that the CB had knowingly mis-used his license by letting it to be used by unauthorized persons which helped Shri Sunil Kumar Aggarwal and Sh. Neerav Kumar in the Customs Clearance of the fraudulent consignments in the name of various fictitious importing firms. Further, it was also observed that the CB never turned up for any statement/submission before the investigating agency which indicated that they did not want to co-operate with the Customs authorities. Further, it was also noticed that non-compliance proceedings were initiated against them in the Hon'ble CMM Court, Patiala House, New Delhi but M/s P. G. Goswamy did not present themselves before the court and dishonoured the directions of the Hon'ble Court and thus, it appeared that the CB did not want to co-operate with the Govt. authorities. In light of the aforementioned events, it was evident that the CB had violated the provisions laid down under Regulation 10(q) of CBLR, 2018.'

(b) I find that the inquiry officer, in this regard, has observed that, co-operation under Regulation 10(q) is not limited to furnishing documents; it requires personal appearance and participation in the investigative process when summoned. The IO submitted that the CB's repeated failure to attend despite three summonses and subsequent judicial proceedings amounts to wilful non-cooperation. Email transmission of partial records cannot replace statutory compliance with summons, particularly when the investigation concerned misuse of his own licence. The IO submitted that the right to cross-examine arises only after joining the inquiry; refusal to appear cannot later be converted into a plea for cross-examination. Furthermore, the argument of "technical default" is contradicted by the DRI's formal complaint to the court, which establishes continuous defiance rather than inadvertent lapse. In respect of the request during the course of personal hearing for cross-

examination of witnesses, the record shows that during the DRI's investigation, the Customs Broker was issued multiple summonses to appear, tender statements, and seek cross-examination of the concerned witnesses: Despite these opportunities, the CB failed to attend and did not cooperate with the proceedings. Having chosen not to participate at the investigation stage, the CB cannot later invoke the right of cross-examination to stall or vitiate the inquiry. The request is therefore held to be untenable and rightly rejected. The overall record of inquiry proceedings demonstrates that due process was strictly followed, adequate opportunity of defence was provided, and the inquiry was conducted in conformity with the principles of natural justice and the procedural framework prescribed under the Customs Brokers Licensing Regulations, 2018. Hence, the IO stated that the proceedings are found to be legally valid and procedurally sound. The Inquiry Officer found that such conduct demonstrates deliberate disregard of lawful authority, impedes fact-finding, and violates the spirit of Regulation 10(q), which ensures transparency and accountability of licensed Customs Brokers. The charge of non-cooperation is, therefore, clearly proved on the basis of material evidence and admission by omission.

(c) I have gone through the CB's submission in this regard wherein the CB denied the charge of non-cooperation, stating that the allegation of failing to submit documents is wrong and misleading. The defence points out that the DRI's own complaint before the Ld. CJM, Patiala House Court, admitted that they had sent documents via email. Furthermore, the CB has challenged the entire proceeding on mandatory time-limit grounds, noting that the Show Cause Notice and the Inquiry Report were issued beyond the 90-day periods stipulated in Regulation 17(1) and 17(5) respectively.

(d) Having perused the facts and records of the case, I find that the CB claims that they cooperated by sending information and documents to the investigating agency i.e. DRI over emails. This is a gross understatement of the legal obligations under Regulation 10(q) and Section 108 of the Customs Act. A Customs Broker, as a licensee of the department, is expected to assist in investigations with utmost sincerity. When the DRI issued multiple summons, the CB chose to stay away, citing various excuses. This prevented the

investigating officers from confronting the CB with the evidence provided by Sh. Manoranjan Kumar and others. The fact that the department had to file a complaint before the Ld. CMM, Patiala House Court, for non-compliance with summons is proof enough of the CB's obstructive attitude. Non-cooperation is not merely the refusal to provide documents; it includes the failure to join the investigation in person to clarify grave allegations of smuggling and duty evasion. By staying elusive, the CB hindered the investigation efforts immeasurably. Such conduct is unbecoming of a licensed professional and is a direct violation of the mandate to cooperate with the authorities. The CB's actions throughout the investigation were characterized by evasion and delay, which fully justifies the charge under Regulation 10(q).

20.7 I further observe that, the CB has raised a preliminary objection, asserting that the proceedings are hit by limitation because the Show Cause Notice (SCN) and the Inquiry Report were issued beyond the 90-day periods prescribed under Regulation 17 of the CBLR, 2018. The CB is misplaced in its judgement with respect to the SCN No. 06/2025-26 dated 16.05.2025 which was issued well within the time limit from the receipt of the Offence Report on 17.02.2025. Further, while the CB has cited several judgments like *M/s Rakesh Sharma* and *Indair Carrier* to suggest these timelines are mandatory, such a view seems outdated in the face of complex, multi-layered economic frauds. I find this defence untenable. I rely on the landmark judgment of the Hon'ble Bombay High Court in *Principal Commissioner of Customs (General) vs. Unison Clearing P. Ltd. [2018 (361) E.L.T. 321]*, which held that the timelines in CBLR are directory and not mandatory. The court emphasized that a hyper-technical approach to timelines should not be allowed to shield a Customs Broker from grave charges that affect the national exchequer. In the present case, the investigation involved a syndicate operating across numerous dummy IECs, requiring extensive coordination between the DRI and various ICDs. To drop proceedings involving a duty evasion of Rs. 224 Crores solely on a marginal delay would be a travesty of justice and contrary to the precedence set by law. The legislative intent of Regulation 17 is to ensure discipline, not to provide an escape clause for Customs Brokers who facilitate large-

scale smuggling. Therefore, the argument of limitation is hereby rejected, and the case is decided on its substantial merits.

20.8 I find that the CB submitted that the inquiry officer blatantly refused to follow the mandatory regulation 17 (4) of CBLR, 2018 which was mandatory to be followed by him and the cross-examination was ought to have been allowed by the inquiry officer. I have gone through the IO's report wherein, the IO observed that, 'the CB repeatedly failed to join the investigation despite three summonses and subsequent judicial proceedings amounted to wilful non-cooperation. Email transmission of partial records cannot replace statutory compliance with summons, particularly when the investigation concerned misuse of his own licence. The IO submitted that the right to cross-examine arises only after joining the inquiry; refusal to appear cannot later be converted into a plea for cross-examination. Furthermore, the argument of "technical default" is contradicted by the DRI's formal complaint to the court, which establishes continuous defiance rather than inadvertent lapse. The IO observed that having chosen not to participate at the investigation stage, the CB cannot later invoke the right of cross-examination to stall or vitiate the inquiry. The request is therefore held to be untenable and rightly rejected.' I find substance in the IO's findings and observations which speaks in clear words that the CB's insistence on cross-examination of witnesses is nothing but dilatory tactics adopted by the CB to hinder the action initiated under CBLR, 2018 and thus rightfully rejected by the IO.

21. I find that a Customs Broker occupies a very important position in the Custom House and is supposed to safeguard the interests of both the importers/exporters and the Customs Department. A lot of trust is kept in CB by the Government Agencies; however, by their acts of omission and commission, the CB M/s P.G. Goswamy (CB License No. 11/1690) has violated Regulations 1(4), 10(a), 10(d), 10(e), 10(n) and 10(q) of the CBLR, 2018. I find that for the violation of obligations provided under the CBLR, 2018 and for their acts of omission and commission, the CB M/s P.G. Goswamy (CB License No. 11/1690) has rendered itself liable for penal action under the CBLR, 2018. Hence, while deciding the matter, I rely on the following case laws:

a) **The Hon'ble Supreme Court in the case of Commissioner of Customs V/s. K. M. Ganatra and Co.** in civil appeal no. 2940 of 2008 upheld the observation of Hon'ble CESTAT Mumbai in M/s. Noble Agency V/s. Commissioner of Customs, Mumbai that:

"the CHA occupies a very important position in the Custom House. The Customs procedures are complicated. The importers have to deal with a multiplicity of agencies viz. carriers, custodians like BPT as well as the Customs. The importer would find it impossible to clear his goods through these agencies without wasting valuable energy and time. The CHA is supposed to safeguard the interest of both the importers and the Customs. A lot of trust is kept in CHA by the importers/exporters as well as by the government agencies. To ensure appropriate discharge of such trust, the relevant regulations are framed. Regulation 14 of the CHA Licensing Regulations lists out obligations of the CHA. Any contravention of such obligations even without intent would be sufficient to invite upon the CHA the punishment listed in the Regulations".

b) **The Hon'ble CESTAT Delhi in case of M/s. Rubal Logistics Pvt. Ltd. Versus Commissioner of Customs (General)** wherein in (para 6.1) it is opined that:-

"6.1 These provisions require the Customs Broker to exercise due diligence to ascertain the correctness of any information and to advise the client accordingly. Though the CHA was accepted as having no mensrea of the noticed mis-declaration /under- valuation or mis-quantification but from his own statement acknowledging the negligence on his part to properly ensure the same, we are of the opinion that CH definitely has committed violation of the above mentioned Regulations. These Regulations caused a mandatory duty upon the CHA, who is an important link between the Customs Authorities and the importer/exporter. Any dereliction/lack of due diligence since has caused the Exchequer loss in terms of evasion of Customs Duty, the original adjudicating authority has rightly imposed the penalty upon the appellant herein."

(c) **In case of M/s Cappithan Agencies Versus Commissioner Of Customs, Chennai-Viii, (2015(10) LCX 0061)**, the Hon'ble Madras High Court had opined that :-

"(i) The very purpose of granting a licence to a person to act as a Customs House Agent is for transacting any business relating to the entry or departure of conveyance or the import or export of goods in any customs station. For that purpose, under Regulation 9 necessary examination is conducted to test the capability of the person

in the matter of preparation of various documents determination of value procedures for assessment and payment of duty, the extent to which he is conversant with the provisions of certain enactments, etc. Therefore, the grant of licence to act as a Custom House Agent has got a definite purpose and intent. On a reading of the Regulations relating to the grant of licence to act as CHA, it is seen that while CHA should be in a position to act as agent for the transaction of any business relating to the entry or departure of conveyance or the import or export of goods at any customs station, he should also ensure that he does not act as an Agent for carrying on certain illegal activities of any of the persons who avail his services as CHA. In such circumstances, the person playing the role of CHA has got greater responsibility. The very description that one should be conversant with the various procedures including the offences under the Customs Act to act as a Custom House Agent would show that while acting as CHA, he should not be a cause for violation of those provisions. A CHA cannot be permitted to misuse his position as CHA by taking advantage of his access to the Department. The grant of licence to a person to act as CHA is to some extent to assist the Department with the various procedures such as scrutinizing the various documents to be presented in the course of transaction of business for entry and exit of conveyances or the import or export of the goods. In such circumstances, great confidence is reposed in a CHA. Any misuse of such position by the CHA will have far reaching consequences in the transaction of business by the customs house officials. Therefore, when, by such malpractices, there is loss of revenue to the custom house, there is every justification for the Respondent in treating the action of the Petitioner Applicant as detrimental to the interest of the nation and accordingly, final order of revoking his licence has been passed.

(ii) In view of the above discussions and reasons and the finding that the petitioner has not fulfilled their obligations under above said provisions of the Act, Rules and Regulations, the impugned order, confirming the order for continuation of prohibition of the licence of the petitioner is sustainable in law, which warrants no interference by this Court. Accordingly, this writ petition is dismissed."

(d) In the case of Pundole Shahrukh & Co. V/s. Commissioner (General), Mumbai [2012 TIOL 925 CESTAT-MUM] the Hon'ble Tribunal observed that the maximum punishment prescribed in the CHALR is attracted in cases of major involvement in aiding and abetting fraudulent exports leading to substantial loss of revenue to the exchequer.

22. As discussed above, I conclude that the CB is guilty of violation of Regulations 1(4), 10(a), 10(d), 10(e), 10(n), and 10(q) of the CBLR, 2018. In view of the gravity of the

findings detailed above, it is evident that the Customs Broker, M/s P.G. Goswamy, has not merely committed a procedural lapse but has displayed a profound and systemic disregard for the statutory responsibilities mandated under the CBLR, 2018. By their acts of omission and commission, the CB directly facilitated a massive revenue loss to the exchequer, undermining the very integrity of the Customs clearance framework. The renting of the license and the total abdication of KYC responsibilities to third-party middlemen prove that the CB is no longer a fit and proper person to hold the privilege of a Customs Broker license. Considering all the facts and circumstances of the case and taking into cognisance of the above-cited caselaws, I am inclined to revoke the CB license, forfeit the security deposit and impose a penalty on the CB M/s P.G. Goswamy (CB License No. 11/1690) under the CBLR, 2018.

23. Further, I find that in the present case, the Offence Report was received vide email dated 17.02.2025 and the Show Cause Notice No. 06/2025-26, under Regulation 17(1) of CBLR, 2018, has been issued on 16.05.2025, i.e. within the specified period of ninety days from the receipt of the offence report. However, the Inquiry Report was submitted by the Inquiry Officer under Regulation 17(5) of the CBLR, 2018, on 14.11.2025. The IO attributed the delay to the enormous work pressure under his regular charges viz. Group 2 (A-F) (with Group 2A FAG Group), AEO of the Mumbai Customs Zone-I, Legal and Prosecution, high pendency of Provisional Assessment and Arrears of Recovery in the Group 2(A-F) as discussed in para 14 above. Further, with respect to the timelines prescribed under Regulation 17 of the CBLR, 2018, relying on the following caselaws, I observe that the timelines under CHALR/CBLR are directory in nature and not mandatory:

a) **Hon'ble High Court of Judicature at Bombay in the case of Principal Commissioner of Customs (General), Mumbai Versus Unison Clearing P. Ltd.** reported in 2018 (361) E.L.T. 321 (Born.), which stipulates that:

"15. In view of the aforesaid discussion, the time limit contained in Regulation 20 cannot be construed to be mandatory and is held to be directory. As it is already observed above that though the time line framed in the Regulation need to be rigidly applied, fairness would demand that when such time limit is crossed, the period subsequently consumed for completing the inquiry should be justified by giving

reasons and the causes on account of which the time limit was not adhered to. This would ensure that the inquiry proceedings which are initiated are completed expeditiously, are not prolonged and some checks and balances must be ensured. One step by which the unnecessary delays can be curbed is recording of reasons for the delay or non-adherence to this time limit by the Officer conducting the inquiry and making him accountable for not adhering to the time schedule. These reasons can then be tested to derive a conclusion whether the deviation from the time line prescribed in the Regulation, is "reasonable". This is the only way by which the provisions contained in Regulation 20 can be effectively implemented in the interest of both parties, namely, the Revenue and the Customs House Agent. "

(b) The Hon'ble High Court of Telangana, in the matter of M/s. Shasta Freight Services Pvt. Ltd. vs Principal Commissioner Of Customs, [Writ Petition No. 29237 of 2018] held that:-

"42. Therefore, if the tests laid down in Dattatreya Moreshwar, which have so far held the field, are applied, it would be clear (i) that the time limit prescribed in Regulation 20 (7) is for the performance of a public duty and not for the exercise of a private right; (ii) that the consequences of failure to comply with the requirement are not spelt out in Regulation 20(7) (iii) that no prejudicial consequences flow to the aggrieved parties due to the non-adherence to the time limit; and (iii) that the object of the Regulations, the nature of the power and the language employed do not give scope to conclude that the time limit prescribed is mandatory. Hence, we hold that the time limit prescribed in Regulation 20 (7) is not mandatory but only directory. "

(c) The Hon'ble High Court of Karnataka, in the matter of The Commissioner of Customs vs M/s. Sri Manjunatha Cargo Pvt Ltd on 12 January [C.S.T.A. No. 10/2020] held that:-

"13. A reading of Regulation 17 of the C.B.L.R., 2018 makes it very clear that though there is a time limit stipulated in the Regulations to complete a particular act, non-compliance of the same would not lead to any specific consequence.

14. A reading of the Regulation 17 would also go to show that the Inquiry Officer during the course of his inquiry is not only required to record the statement of the parties but also to give them an opportunity to cross-examine and produce oral and documentary evidence. In the event of the respondents not co-operating, it would be difficult for the Inquiry Officer to complete the inquiry within the prescribed period of 90 days, as provided under Regulation 17(5). Therefore, we find force in the argument of the learned counsel for the appellant that the Regulation No.17 is required to be considered as directory and not mandatory. Though the word "shall"

has been used in Regulation 17, an overall reading of the said provision of law makes it very clear that the said provision is procedural in nature and non-compliance of the same does not have any effect. If there is no consequence stated in the Regulation for non-adherence of time period for conducting the inquiry or passing an order thereafter, the time line provided under the 22 statute cannot be considered as fatal to the outcome of inquiry.

15. Under the circumstances, we are of the considered view that the provisions of Regulation 17 of the C.B.L.R., 2018 is required to be considered as directory and not mandatory and accordingly, we answer the substantial questions of law Nos. 1 to 3 in favour of the appellant and against the respondent."

(d) The Hon'ble CESTAT Mumbai in the matter of M/s. Muni Cargo Movers Pvt. Ltd. Vs. Commissioner of Customs (General), Mumbai [Order No. A/996/13CSTB/C-I dated 23.04.2013] held that:-

"Para 4.2:- As regards the third issue regarding non-adherence to the time-limit prescribed in CHALR, there is some merit in the argument. But nevertheless, it has to be borne in mind that time-limit prescribed in the law though required to be followed by the enforcement officers, at times could not be adhered to for administrative reasons. That by itself does not make the impugned order bad in law".

24. In view of the above-discussed facts and for their acts of omission and commission, the CB M/s. P.G. Goswamy (CB License No. 11/1690) is held liable and guilty for violating the provisions of the CBLR, 2018. I hold that the CB has failed to discharge the duties cast upon them with respect to Regulations 1(4), 10(a), 10(d), 10(e), 10(n) and 10(q) of the CBLR, 2018 and is liable for penal action. Accordingly, I pass the following order:

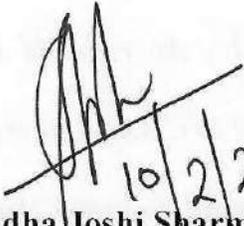
ORDER

25. I, Commissioner of Customs (General), in exercise of the power conferred upon me under Regulation 17(7) of the CBLR, 2018, pass the following order:

(i) I hereby order for revocation of the CB license held by M/s. P.G. Goswamy (CB License No. 11/1690) under Regulation 14 of the CBLR, 2018.

- (ii) I hereby order for forfeiture of the entire amount of the security deposit furnished by the CB M/s. P.G. Goswamy (CB License No. 11/1690) under Regulation 14 of the CBLR, 2018.
- (iii) I, hereby impose a penalty of Rs. 50,000/- (Rupees Fifty Thousand Only) on the CB M/s. P.G. Goswamy (CB License No. 11/1690) under Regulation 18(1) of the CBLR, 2018.
- (iv) I hereby order that the CB immediately surrender the original License as well as all the F, G & H cards issued thereunder immediately.

This order is passed without prejudice to any other action which may be taken or purported to be taken against the Customs Broker and their employees under the Customs Act, 1962, or any other act for the time being in force in the Union of India.


 10/2/26
 (Shraddha Joshi Sharma)
 Commissioner of Customs (Gen.)
 NCH, Mumbai-I

To,

M/s P.G. Goswamy (CB License No. 11/1690)
 2nd Floor, 11 Shree Krishna Bhavan CHS Ltd.,
 Sutar Pakhadi Road, Sahar Village,
 Andheri East, Mumbai - 400099.

Copy to:

1. The Pr. Chief Commissioner/ Chief Commissioner of Customs, Mumbai - I, II, III Zone.
2. The Addl. Director, Commercial Intelligence Section, DRI (Hqrs), New Delhi.
3. EDI of NCH, ACC & JNCH
4. ACC (Admn), Mumbai with a request to circulate among all departments.
5. JNCH (Admn) with a request circulate among all the concerned.
6. Cash Section, NCH
7. Office Copy