



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.

संचिका सं./F. No.-GEN/CB/400/2025-CBS आदेश दिनांक/Date of Order: २७.०२.२०२६

CAO No. 152/2025-26/CAC/CC(G)/SJS/Adj-CBS जारी दिनांक/Date of issue: 13.03.2026

संख्या:

DIN:- 20260377N0000000B9F9

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, यथोत्तराधिकार 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 कि 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 तदो 31.05.2018 प्रांत 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), १९८२ 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 ब्याजवलागाएगए 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 क्रॉस्ड 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. IOCC Shipping Pvt. Ltd. having address registered at 203, Sai Samarth Business Park, Deonar Village Road, Govandi (East), Mumbai 400088 (hereinafter referred as the Customs Broker/CB) is holder of Customs Broker License No. 11/750, issued by the Commissioner of Customs, Mumbai under Regulation 8 of CHALR, 1984, [Now regulation 7(2) of CBLR, 2018] and as such they are bound by the regulations and conditions stipulated therein.

2. As per offence report in the form of SCN No. 326/2025-26/JC/Gr.I&IA/NS-I/CAC/JNCH dated 20.06.2025 issued vide F. No. CUS/APR/SCN/928/2025-Gr (1&1A)-O/o Commr-CUS-Nhava Sheva-I by the Joint Commissioner of Customs, Group.I&IA, NS-I, JNCH, importer M/s Global Natural Petro Industries (IEC: DBAPK7141C) (hereinafter referred to as “the importer” or “importer”) having address at Office No. 218, Vikas Arcade Tower, 2nd floor, Road No. 44, Community Centre, Pitampura, New Delhi-110034 imported 05 containers of goods declared as Linear Low Density Polyethylene (hereinafter referred to as “LLDPE”) vide Bill of Lading No.VSL5731JEATKD, IGM No. 2379403 dated 10.06.2024.

2.1 The Intelligence Agency i.e. SIIB(I) (Special Investigation and Intelligence Branch - Import), JNCH put on hold vide hold no. 70/2024-25 dated 18.06.2024, the said 05 containers (20 ft.) covered under Bill of Lading No. VSL5731JEATKD, IGM NO. 2379403 dated 10.06.2024, imported by M/s. Global Natural Petro Industries. The imported goods were examined by the SIIB(I), JNCH officers under Panchanama dated 20.06.2024 & 21.06.2024 at Speedy Multimodes Ltd. CFS, Sonari village, Taluka Uran, Navi Mumbai – 400707.

2.2 The relevant details of the 05 containers covered under Bill of Lading No. VSL5731JEATKD, IGM NO. 2379403 dated 10.06.2024 and weight found during examination were as under: -

Sr. No.	Container No.	Customs Seal found	Found Seal as per BL	Gross weight as per	Gross weight	Container weight (in kgs)	Cargo net

				BL (in kgs)	(in kgs)		weight (in kgs)
1.	SEGU3134100	45576633	SVNL100568	20030	21080	2180	18900
2.	TGHU0283130	45576637	SVNL100575	20030	20760	2200	18560
3.	TGHU1557148	45576634	SVNL100576	20030	21000	2200	18800
4.	GESU3834697	45576645	SVNL100570	20030	20860	2200	18660
5.	CXDU1769578	45576646	SVNL100577	20030	21180	2250	18930

2.3 The details of the goods found during the examination under Panchanama dated 20.06.2024 & 21.06.2024 were as below: -

Sr. No	Container No	No. of Bags	No. Bags containing areca nuts (in Kgs)	Average weight of Bags containing areca nuts (in Kgs.)	No. of bags containing LLDPE	Average weight of Bags LDPE (in Kgs)	Weight of areca nuts per container	Weight of LLDPE per containers (in Kgs)
1.	SEGU3134100	897	718	20	179	25	14360	4475
2.	TGHU0283130	874	672	20	202	25	13440	5050
3.	TGHU1557148	896	712	20	184	25	14240	4600
4.	GESU3834697	879	702	20	177	25	14040	4425
5.	CXDU1769578	904	725	20	179	25	14500	4475
		4450	3529		921		70580	23025

2.4 As detailed above, the areca nuts totally weighing 70,580 kgs and LLDPE weighing 23,025 kgs were found in the above said 05 containers. Investigation revealed that Areca nuts were attempted to be smuggled in to India by way of misdeclaration/concealment. The Investigating Agency seized the above goods vide seizure memo No. 46/2024 dated 22.06.2024 under section 110(1) the Customs Act, 1962 under reasonable belief that the same were liable to confiscation under provisions of section 111 of the Customs Act, 1962.

2.5 Investigation suggested that areca nuts are classifiable under CTH 08028010. The tariff value of the areca nuts is fixed at \$ 6033 per metric ton vide Board's Notification No. 37/2024-Customs (N.T.) dated 21.05.2024. Further, as per Schedule-I (Sr. No. 20) of the Notification NO. 36/2024-Customs (N.T.) dated 16.05.2024 the exchange rate of USD was Rs. 84.35 for import. Thereby, the tariff value for the imported areca nuts came to Rs. 5,08,883.55/- per metric ton. Consequently, the total value of areca nuts amounted to Rs. 3,59,17,001/- (Rupees 3.59 crores). Further, effective rate of Customs duty on areca nuts was around 110% of the value of the said goods which amounted to Rs. 3,95,08,701/- (Rupees 3.95 crores).

2.6 Further, investigation suggested that the assessable value of the LLDPE was not available, the quantum of contemporary data regarding the import of LLDPE at Nhava Sheva Port, from the Country of Origin i.e. UAE was taken into account to determine the value of the imported goods. For the purpose of Customs Tariff Act, 1975, valuation of imported goods is to be done in terms of section 14 of the Customs Act, 1962 read with Customs Valuation (Determination of value of imported goods) Rules, 2007 (CVR, 2007) and Customs Valuation Amendment Rules, 2017. As per the provisions of Act/Rules, transaction value of the goods is to be accepted, subject to Rule 12 of CVR, 2007. The value is required to be re-determined by subsequently proceeding in terms of Rule 4 to 7 or 9 of the Customs Valuation Rules, 2007. In terms of Rule 4 of CVR, 2007, transaction value of the identical goods has to be considered as the value of the imported goods at or about the same as the goods being valued. Accordingly, the value of the declared goods i.e. "LLDPE" weighing 23,025 kgs was calculated at Rs. 5,04,840/-.

2.7 During the investigation, a search was conducted at the office premises of Shri Praveen Kumar, importer and proprietor of M/s. Global Natural Petro Industries. The registered office address Office No. 218, Vikas Arcade Tower, 2nd Floor, Road No. 44, Community Centre, Pitampura, New Delhi-110034 was visited on 03.09.2024. The said premises were found locked. Nothing was written on the walls and gate of the said premises. On visual inspection of the said gate, it appeared that the said gate had not been opened since long. Enquiry with the locals in the nearby shops/office, confirmed that the premises were locked for approx. 4-5 years and they had not seen any person visiting the said premises. On being enquired about Mr. Praveen Kumar, Proprietor of M/s Global Natural Petro Industries, they informed that they did not know about the said person and firm nor heard about them. Thereafter, on enquiry the Security Guard namely Kitab Singh sitting at the Ground Floor of the building about the said premises informed that he had not seen any person visiting the said premises for last 4-5 years. On being asked about the owner of the said premises, he informed that neither he knew about the owner of the said premises nor he had contact no. of the owner of the shop/premises. On being enquired

about Mr. Praveen Kumar, Proprietor of M/s Global Natural Petro Industries, he informed that he had never heard of them.

2.8 Further, efforts were made to find out both the residential premises of Shri Praveen Kumar, i.e. 17, Gali No. 13, Jeevan Park, Siraspur, Delhi-110042 and Khasra No. 643, Plot No. 6, Village Siraspur, Jeevan Park, Gali No. 14, Delhi-110042 on 03.09.2024, but the said addresses could not be traced.

3. STATEMENT OF KEY PERSONS:

3.1 During the course of the investigation, Shri Nitin Saxena, Country Head of Shipping Line M/s Sea Gold Logistics Pvt. Ltd was examined and his statement was recorded on 21.05.2024 under Section 108 of the Customs Act, 1962, wherein he, inter-alia, stated that:

- i. Sea Gold Logistics Pvt. Ltd was involved in the business of shipping and logistics as a NVOCC (Non-Vessel Operating Common Carrier) agent and Freight Forwarding. They owned containers about 800-900 in the name of Sea Gold.
- ii. The Draft BL No. VSL5731JEATKD was issued by overseas agent of Vellamo Shipping Line LLC.
- iii. As an agent of M/s Vellamo Shipping Line LLC, they (M/s Sea Gold Shipping Pvt. Ltd.) had an agreement to represent them in India, Malaysia and Singapore to handle the import containers and arrange to send back the laden container via export bookings.
- iv. On being asked about the procedure of getting job order process, he stated that M/s Vellamo Shipping Line got the booking from Haitun Container Line LLC, received KYC document of Haitun Container Line LLC Certificate of Registration, Membership Certificate, Commercial Registration and Commercial License, got the shipper license certificate and as per given shipping instructions and ED (Dubai customs document). Vellamo Shipping made draft BL copy and provided the same to Haitun Container Line LLC. After getting draft BL approval, after sailing Vessel Vellamo shipping Line LLC sent the cargo Manifest along with draft BL copy to

M/s Sea Gold Logistics Pvt. Ltd for IGM and Sea Gold Logistics Pvt. Ltd. submitted the IGM.

- v. After arrival of the shipment at Nhava Sheva port, M/s Sea Gold Logistics Pvt. Ltd sent the cargo arrival notice to mentioned consignee and updated the same on phone call. They called Shri Praveen Kumar (8810694575) multiple times and mailed at sales.globalnatural@gmail.com to submit KYC documents. But after 14 June 2024, he had not picked up the phone call and still did not provide any document by e-mail or physically.
- vi. KYC of M/s Global Natural Petro Industries, could not be verified as they did not get any KYC documents from Importer.
- vii. Vellamo Shipping Line LLC, Dubai Looked business from UAE and they nominated the agent to M/s Sea Gold Logistics Pvt Ltd. in Malaysia, Singapore and India.
- viii. The BL VSL5731JEATKD was issued at origin and they did not have any intimation of amendment done.
- ix. On being shown the ED copy of consignment, he stated that it is a customs document at origin and CHA or booking party handed over the ED copy to overseas agent Vellamo shipping line LLC and they raised the BL on the basis of the subject ED copy only.

3.2 During the course of the investigation, Shri Pranay Tandel, Sr. Branch Manager of M/s Sea Gold Logistics Pvt. Ltd was examined and his statement was recorded on 13.05.2025 under Section 108 of the Customs Act, 1962, wherein he, inter-alia, stated that:

- i. Only three consignments were booked by Vellamo Shipping Line LLC brought Haitun Container line and out of which two consignments were under investigation by SIB(I), JNCH. One consignment bearing BL No. HCL/JEA/NSA-41/24 having 07 containers in the name of M/s Petrolube Industry was cleared by them in the month of May, 2024.

- ii. They had not received any payment for the consignment covered under draft BL No. VSL5731JEATKD and BL No. VSL35683JEATKD dated 28.05.2024, as the consignments had been put on hold by SIIB(I), JNCH.
- iii. They generally received KYC or other documents from concerned Customs Broker on behalf of Importer. No Customs Broker or any Importer contacted them for the subject consignment before or after the hold of the consignment covered under BL No. VSL5731JEATKD.
- iv. He never met nor heard about Shri Taranjeet Singh Rathore, Shri Kirit Mohanlal Shah and Praveen Kumar, Proprietor of M/s Global Natural Petro Industries.

3.3 During the investigation, Shri Taranjeet Singh Rathore, G-Card Holder (G/MUMB1/20248327) of Customs Broker/Freight Forwarding Company M/s IOCC Shipping Pvt. Ltd. was examined and his statement was recorded on 20.05.2025 under Section 108 of the Customs Act, 1962, wherein he, inter-alia, stated that:

- i. He has been associated with this firm for the last 16 years.
- ii. Praveen Kumar, Proprietor of M/s Global Natural Petro Industries came in office in March, 2023 regarding clearance of Hydrocarbon Oil by giving reference of M/s Sunil Taneja Associates. Accordingly, he asked to submit all pre-requisite document such as pan card, Aadhar card, bank verification letter, GSTIN, IEC copy and previous Bill of Entry, etc.
- iii. He knew Mr. Ritesh Jain, Proprietor of M/s Sunil Taneja Associates since 2018. They had filed/cleared 5-6 consignments of Mineral Hydro Carbon Oil for him.
- iv. On being asked, why none of the Bills of Entry were filed by their Customs Broker, he stated that due to the demise of his father in 2021, as per rule 6 of CBLR, 2018, their CB firm became inoperative. Thereafter, he started working on commission basis. He used to forward the documents received from Importer to another Customs Broker.
- v. He received payment from M/s Global Natural Petro Industries in his company account i.e. Rs. 4000/- per container as agency charges. He further sent the

documents received from M/s Global Natural Petro Industries to other customs brokers for filing & clearance. He did the payment of Rs. 2500 per container to the Customs Brokers on behalf of the Praveen Kumar, Proprietor of M/s Global Natural Petro Industries.

- vi. Apart from this, he also worked as a transporter for M/s Global Natural Petro Industries.
- vii. He had never verified the address of M/s Global Natural Petro Industries physically but relied on the KYC documents.
- viii. On being asked why he hired CB Firm M/s Airtrax Freight Logistics whereas his younger brother had his own CB Firm i.e. M/s Bhupendar Shipping Services, he stated that he forwarded documents for only 01 consignments to M/s Bhupendar Shipping Services received from M/s Global Natural Petro Industries. Thereafter, due to some family dispute, he started to forward documents to customs broker M/s Airtrax Fright Logistics for clearance.
- ix. All the received documents from M/s Global Natural Petro Industries, were of Hydro Carbon Oil and Base Oil. He also delivered the goods at Mundka, New Delhi as per address mentioned in the E-Way Bill.
- x. He did not know anything about the current consignment. Praveen Kumar, proprietor of M/s Global Natural Petro Industries did not contact him for this consignment.

4. SUMMARY OF INVESTIGATION

4.1 A consignment of said 05 containers covered under Bill of Lading No. VSL5731JEATKD, IGM No. 2379403 dated 10.06.2024, Line No./Subline No. 182/0 imported in the name of M/s Global Natural Petro Industries (IEC- DBAPK7141C) was suspected to contain some mis-declared or concealed goods intended to be smuggled into India. The said import consignment was shipped from UAE and destined to ICD Tughlakabad.

4.2 The goods declared in Bill of Lading No. VSL573 1JEATKD IGM No. 2379403 dated 10.06.2024, Line No./Subline No. 182/0 as "LLDPE". The said 05 containers were examined under Panchanama dated 20.06.2024 & 21.06.2024. Upon examination, it was found that the said 05 containers were stuffed with total 4450 bags wherein 70,580 Kgs of Areca Nuts in 3529 bags and 23,025 Kgs of LLDPE in 921 bags were found.

4.3 Since, the said goods were found to be mis declared with description of goods, in Bill of Lading and, also in IGM, therefore, the whole consignment weighing 93,605 Kgs. (70,580 Kgs of Areca nuts + 23,025 Kgs of LLDPE) was seized under Section 110(1) of the Customs Act, 1962 under the reasonable belief that they were liable for confiscation under Section 111 read with Section 119 of the Customs Act, 1962 vide seizure memo dated 22.06.2024.

4.4 Shri Harsh Nilesh Kumar Rajyaguru, an Indian Citizen having Passport No. 76166189 residing in UAE for business/export purpose was the owner of M/s Peregrine General Trading Co. FZE, UAE, the supplier of the smuggled Areca Nuts to the consignee M/s Global Natural Petro Industries (DBAPK7141C). The goods were concealed behind the declared goods which showed that he had knowingly supplied Areca Nuts instead of LLDPE.

4.5 Shri Harsh Nilesh Kumar Rajyaguru in his statement dated 31.08.2024 gave contradictory and evasive reply. He did not reveal the details about other persons involved in the said smuggling. He intentionally did not answer specific questions required for further investigation by quoting "No Comment". All this indicated that Shri Harsh Nilesh Kumar Rajyaguru had a substantial role in supplying Areca nuts from Dubai by conniving with IEC Holders in India with the intention to smuggle areca nuts from Dubai into India by way of mis-declaration. Further his statement dated 31.08.2024 indicated that his father Shri Nilesh D. Rajyaguru was the mastermind who guided him in all the import-export activities.

4.6 During the course of the investigation, verifications/visits were made to verify the genuineness of the registered office premises of M/s Global Natural Petro Industries and

residential premises of Shri Praveen Kumar, Proprietor of M/s Global Natural Petro Industries which revealed that that no such firm named M/s Global Natural Petro Industries existed at the registered premises of M/s Global Natural Petro Industries. Further, during the verification of residential premises of Praveen Kumar, Proprietor of M/s Global Natural Petro Industries, the addresses could not be traced. Thus, from the verification, it appeared that the firm M/s Global Natural Petro Industries was a non-existent entity on the declared addresses. Also, till date even after booking the case and issuing summons the IEC holders did not join the investigation.

4.7 Further, statement of Shri. Taranjeet Singh Rathore, G-Card Holder of M/s IOCC Shipping Pvt. Ltd, recorded on 20.05.2025 under Section 108 of the Customs Act, 1962, revealed that Shri Praveen Kumar was the beneficiary owner of M/s Global Natural Petro Industries, who met with Shri Taranjeet Singh Rathore in March, 2023 for clearance of his consignment. Thereafter, Taranjeet Singh Rathore started acting on behalf of the Importer for hiring other CB firms for filing/clearance of consignments related to M/s Global Natural Petro Industries. Shri Taranjeet Singh Rathore also looked after the transportation of the goods of the Importer. All this showed, active existence of Praveen Kumar as a beneficiary owner of M/s Global Natural Petro Industries, who imported the Areca nuts from Dubai by conniving with Taranjeet Singh Rathore and supplier with the intention to smuggle areca nuts from Dubai into India by way of mis-declaration.

5. Import Policy for Areca nuts (whole) & Areca nuts (split) at the time of import was as follows:

ITC (HS) Codes	Description	Import Policy	Policy Condition	DGFT Notification No.
08020810	Areca Nuts (whole)	Prohibited	a) However, import is free if CIF Value is Rs. 351/- and above per kilogram b) MIP conditions, however, will not be applicable for imports by 100% EOU Export Oriented Unit and units in SEZ subject to condition that no. DTA sale is allowed. c) Import of 17,000 Metric Tonnes of Fresh (green) Areca Nut without Minimum Import Price (MIP)	17/2023 dated 03.07.2023

			condition shall be allowed from Bhutan every year. Such imports are allowed only: i) Through LCS Jaigaon (INJIGB) and LCS Chamurchi (INCHMB) only, and, ii) Shal be subject to a valid port specific Registration Certificate issued by DGFT.	
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5.1 In terms of the existing import policy the conditions with respect to Minimum Import Price (MIP) and country of origin were not fulfilled for importing the said 70,580 Kgs of Areca nuts and hence, such imports became prohibited goods as defined in Section 2(33) of the Customs Act, 1962 and, therefore, appeared to be liable to confiscation under Section 111(d) and 111(f) of the Customs Act, 1962.

5.2 Further, by concealing the undeclared goods i.e. Areca nuts in the bags of declared goods LLDPE, goods were liable to confiscation under Section 111(1) of the Customs Act, 1962. Similarly, in view of the foregoing import policy, the conditions with respect to Minimum Import Price (MIP) and country of origin were not fulfilled for importing the said 70,580 Kgs of concealed Areca nuts and hence, such imports became prohibited goods as defined in Section 2(33) of the Customs Act, 1962 and, therefore, appeared to be liable to confiscation under Section 111(d), 111(f) and 111(i) of the Customs Act, 1962.

5.3 Further, Shri Taranjeet Singh Rathore, G-Card Holder of the CB cum Freight Forwarder, M/s IOCC Shipping Pvt. Ltd was called upon to show cause as to why Penalty should not be imposed under Section 112(a)/112(b) and/or 114AA of the Customs Act, 1962, for conniving with Importer with the intention to smuggle areca nuts from Dubai into India by way of mis-declaration of areca nuts with the declared goods that are liable for confiscation under Section 111(d), 111(f), 111(i) and Section 119 of the Customs Act, 1962 as discussed above.

6. Role of Customs Broker:

6.1 On perusal of the offence report, it was apparent that the investigation revealed that five containers, declared as LLDPE under Bill of Lading No. VSL5731JEATKD and IGM No. 2379403 dated 10.06.2024, contained 70,580 kg of areca nuts and 23,025 kg of

LLDPE, indicating an attempt to smuggle areca nuts through misdeclaration. The goods were seized under Section 110(1) of the Customs Act, 1962.

6.2 Shri Taranjeet Singh Rathore, the G-Pass Holder of M/s IOCC Shipping Pvt. Ltd., stated that his firm had been inoperative since 2021 due to his father's death (as per Rule 6 of CBLR, 2018). He operated on a commission basis, forwarding documents to other Customs Brokers such as M/s Airtrax Freight Logistics for filing and clearance. He claimed no direct involvement in the current consignment, stating that the importer, Shri Praveen Kumar, did not contact him regarding this shipment. However, he admitted to handling prior consignments for the same importer without physically verifying the address, relying solely on KYC documents, and also acted as a transporter for the importer.

6.3 The investigation's finding that the importer's registered office was abandoned and untraceable underscored the Customs Broker's omission in ensuring the legitimacy of the client. While Shri Rathore claimed no knowledge of the current consignment, his prior dealings with M/s Global Natural Petro Industries, including handling 5-6 consignments of hydrocarbon oil and acting as a transporter, suggested a pattern of inadequate due diligence.

In view of the above observation and as per afore-mentioned offence report, it appeared that the CB had not fulfilled the obligations stipulated under Regulation 13(12) of the CBLR, 2018.

6.4 From the investigation, the following omission leading to violation of obligations stipulated in Regulation 13(12) of the CBLR, 2018 were apparent: -

(i) Sub-regulation 13(12) of the CBLR, 2018:

"The Customs Broker shall exercise such supervision as may be necessary to ensure proper conduct of his employees in the transaction of business and he shall be held responsible for all acts or omissions of his employees during their employment;"

Regulation 13(12) of the Customs Brokers Licensing Regulations (CBLR), 2018, mandates that the Customs Broker exercise strict supervision over their employees to ensure proper conduct in customs-related transactions. This includes establishing robust systems to verify client authenticity and the accuracy of declarations, thereby preventing

non-compliance such as misdeclaration or smuggling. In the case of M/s IOCC Shipping Pvt. Ltd., serious violations of this regulation were uncovered through the actions and omissions of its G-Card Holder, Shri Taranjeet Singh Rathore.

A key lapse involved the failure to verify the credentials of the importer, M/s Global Natural Petro Industries. Shri Rathore admitted to relying solely on KYC documents without physically verifying the importer's registered address. Investigations revealed that the stated office in Pitampura, Delhi, was locked and untraceable, indicating a lack of due diligence. This negligence enabled transactions with a dubious importer, facilitating the smuggling of areca nuts mis-declared as LLDPE. Further, Shri Rathore demonstrated inadequate oversight in handling import documents. He forwarded these documents to other Customs Brokers, such as M/s Airtrax Freight Logistics, without verifying their authenticity or accuracy. As a responsible Customs Broker, M/s IOCC Shipping Pvt. Ltd. was obligated to scrutinize these documents to prevent misdeclaration. The failure to do so led to the concealment of areca nuts under the guise of LLDPE, a serious offence confirmed during examination proceedings.

The investigation also highlighted a lack of supervision in transaction processes. Despite handling prior consignments for the same importer, Shri Rathore did not implement systems to verify consignment details or the importer's operations. His role as an intermediary and transporter, without rigorous checks on declared cargo enabled the smuggling attempt. This reflected a systemic failure to supervise customs transactions, as required under Regulation 13(12). Compounding the issue was Shri Rathore's dual role as Customs Broker and transporter, which created a conflict of interest. He delivered goods to unverified addresses provided by the importer's representative without confirming their legitimacy. This lack of oversight facilitated the movement of potentially smuggled goods and compromised the integrity of the customs process. Moreover, M/s IOCC Shipping Pvt. Ltd. had previously handled consignments for M/s Global Natural Petro Industries without verifying delivery addresses or the nature of the goods. This pattern of inadequate due diligence, including failure to physically verify godown or office locations, underscored a

broader failure to supervise customs-related activities. Although, Shri Rathore claimed no involvement in the current consignment and stated his firm had been inactive since 2021, his prior dealings and admissions revealed a consistent lack of oversight.

In view of the above observations, it was evident that the CB failed to supervise their staff as required under Regulation 13(12) of the CBLR, 2018.

6.5 From the above stated facts and outcome of the investigation, it appeared that the CB M/s. IOCC Shipping Pvt. Ltd. (CB License No. 11/750) failed in fulfilling the obligations as mandated under CBLR, 2018 and violated the regulation 13(12) of CBLR, 2018.

SHOW CAUSE NOTICE: -

7. In view of the offence report received in the form of Show Cause Notice No. 326/2025-26/JC/Gr.I&IA/NS-I/CAC/JNCH dated 20.06.2025 issued by the Joint Commissioner of Customs, Group-I&IA, NS-I, JNCH, Mumbai Zone – II action under the CBLR, 2018 was initiated against the CB M/s. IOCC Shipping Pvt. Ltd. (CB License No. 11/750). In view of the Board's Instruction No. 24/2023 dated 18.07.2023, the case was not considered appropriate for immediate suspension of the CB license under Regulation 16 of the CBLR, 2018. However, inquiry under Regulation 17 of the CBLR, 2018 was initiated against the CB M/s. IOCC Shipping Pvt. Ltd. and accordingly, based on the Offence Report, the following article of charge was levelled against the CB:

- (i) Article of Charge: Violation of Regulation 13(12) of the CBLR, 2018.

7.1 In light of the above, a Show Cause Notice (SCN) No. 26/2025-26 dated 28.08.2025 was issued to the CB M/s. IOCC Shipping Pvt. Ltd. (CB License No. 11/750) under the provisions of Regulation 17(1) of the CBLR, 2018 wherein, the CB was called upon to show cause, as to why:

- a. The Customs Broker license bearing no. 11/750 issued to them should not be revoked under regulation 14 read with regulation 17 of the CBLR, 2018;

- b. Security deposited should not be forfeited under regulation 14 read with regulation 17 of the CBLR, 2018;
- c. Penalty should not be imposed upon them under regulation 18 read with regulation 17 of the CBLR, 2018.

7.2 Shri Pramod Kumar Chauhan, Assistant Commissioner of Customs, was appointed as Inquiry Officer (IO) to conduct the inquiry proceedings in the matter. The IO concluded the inquiry proceedings and submitted the Inquiry Report dated 01.12.2025 vide email dated 02.12.2025, which is discussed below.

INQUIRY REPORT: -

8. The Inquiry Officer (here in after referred to as the 'IO') concluded the inquiry proceedings and submitted the Inquiry Report dated 01.12.2025 vide email dated 02.12.2025 wherein, the charge of violation of Regulation 13(12) of the CBLR, 2018 was held as 'Proved'.

FINDINGS OF THE INQUIRY OFFICER: -

9. After examination of the Show Cause Notice, documents placed on record, statements of persons involved and the written/oral submissions of the Customs Broker (CB), the IO found that in the present case issues of determination were as below;

- i. Whether M/s IOCC Shipping Pvt. Ltd. failed to discharge statutory/ regulatory obligations under the CBLR, 2018 (notably Regulation 10 and Regulation 13(12)) in respect of the transactions connected with M/s Global Natural Petro Industries and related shipments; and whether such failures warranted action under Regulation 14 and Regulation 18 of CBLR, 2018.
- ii. Whether the contentions raised by the Customs Broker (prematurity of CBLR proceedings, double jeopardy, absence of Bill of Entry, lack of mens rea / benefit, invalidity of the offence report, time-bar etc.) were tenable and, if so, whether they precluded the present Inquiry or the recommended departmental action.

9.1 The IO found that in the present case, the below-mentioned facts were not in dispute for the purposes of the Inquiry and were supported by the offence report, Panchanama, weighment slips, statements recorded and admissions made by the CB's G-Pass holder and other witnesses.

- i. Five (05) import containers covered under B/L No. VSL5731JEATKD; IGM No. 2379403 dated 10.06.2024 were put on hold by SIIB(I), JNCH and examined under Panchanama dated 20 & 21.06.2024. Examination revealed 3529 bags (70,580 kgs) of Areca nuts concealed together with 921 bags (23,025 kgs) of LLDPE (total 93,605 kgs). The goods were seized under Section 110(1) vide Seizure Memo No. 46/2024 dated 22.06.2024.
- ii. The supplier in UAE (M/s Peregrine General Trading Co. FZE / Shri Harsh Nilesh Rajyaguru) admitted his role in supply and gave evasive/ contradictory answers; he was detained by the Investigating agency. Investigations indicated deliberate substitution / mis-declaration (Areca nuts declared as LLDPE).
- iii. The importer M/s Global Natural Petro Industries (IEC: DBAPK7141C) could not be traced at its registered office/residential addresses; physical verification showed premises locked/unused for years. IEC holders did not cooperate with investigation and did not appear.
- iv. The CB's G-Pass holder, Shri Taranjeet Singh Rathore, recorded statements (20.05.2025) and admitted:
 - He acted on commission basis after the CB licence became inoperative (post 2021).
 - He had earlier handled consignments for the same importer and obtained documents by mail.
 - He forwarded documents to other customs brokers for filing/clearance; he did not physically verify the importer's premises for address authenticity in the present matter.
 - He received Rs. 4,000 per container as agency charges from the importer and paid Rs. 2,500 per container to other CBs, and acted as transporter for the importer.

- v. The CB M/s IOCC Shipping Pvt. Ltd. admitted its licence was inoperative since 2021 and its G-Pass holder acted on commission and forwarded documents to other CBs; the CB contended it did not file BE for the seized consignment and had no role in the present import.

9.2 The IO submitted that he carefully analysed the submission made by the Customs Broker and found that;

Regulation 10 requires a CB to exercise due diligence in verifying client KYC and antecedents. The admitted facts established that Shri T. S. Rathore (G-Pass holder connected with IOCC) accepted KYC documents by mail and explicitly admitted that they did not physically verify the importer's registered office or premises for the present or prior consignments nor conducted any independent verification. The IO submitted that independent verification is a basic and recognised step of checks for a new/unknown importer, particularly where KYC/information is scant or repetitive consignments showed unusual patterns. The IO submitted that the non-existence of the importer's declared office (locked premises, neighbours unaware) demonstrated that the KYC process relied upon was inadequate and misleading.

The IO found that there was a failure of supervision/inoperative licence as the license of IOCC is on record as Inoperative since 2021. Despite that, the CB's G-Pass holder continued to act for the Importer, forwarding documents to other CBs and accepting agency charges. The IO submitted that regulation 13(12) casts responsibility upon the Broker to supervise employees and ensure proper conduct. A firm that is inoperative and yet has its G-Pass holder operating quasi-independently without oversight squarely falls within the mischief that Regulation 13(12) contemplates. The IO submitted that the CB cannot disclaim responsibility for the admitted actions of its G-Pass holder by a formalistic statement that the licence was "inoperative". The Act and Regulations treat the Broker as answerable for lapses of their agents/employees/authorised persons.

The IO found that there was monetary transactions and role as transporter in the present case since Shri T.S. Rathore admitted that they received Rs. 4,000 per container

and paid other CBs for clearance, and that they acted as transporter showed commercial involvement beyond mere passive association. The IO submitted that commercial nexus demonstrated more than a distant or innocent relationship with the importer and consignments; it supported the conclusion that IOCC (through its G-Pass holder) participated in the chain of activities that created the risk for mis-declaration and concealment. In the present case, the IO found that the practice of forwarding importer documents to other CBs for filing without conducting or ensuring adequacy of due diligence is an abdication of regulatory responsibility. The IO submitted that a CB that obtains client documents and procures clearance indirectly remains bound to ensure the veracity of the client and legitimacy of the transaction.

9.3 Rebuttal of CB's legal and procedural defences: The IO submitted that the CB raised several defenses in PH submissions. Each is addressed below:

i) **“Prematurity/Pending Adjudication of Main SCN”:** - The CB submitted that Inquiry under CBLR should be kept in abeyance until adjudication of SCN No. 326/2025-26 (Group) is complete.

The IO found that the two proceedings are separate in character and jurisdiction. The IO stated that the Group SCN under the Customs Act addressed substantive confiscation and penal liability of importers/suppliers under the Customs Act. The IO stated that proceedings under CBLR are regulatory/ disciplinary against a licensed Customs Broker for breach of regulatory obligations. There is no legal bar to parallel proceedings where separate statutory/regulatory powers exist. The fact that outcome of one proceeding may be relevant to the other does not render an inquiry per se premature. On the contrary, early inquiry is necessary to safeguard the regulatory framework and prevent misuse of CB privileges. Therefore, the CB's request to stay proceedings pending adjudication was rejected.

ii) **“Double Jeopardy”:** - The CB submitted that two proceedings on same facts amounted to double Jeopardy and were impermissible.

In this regard, the IO found that the constitutional protection against double jeopardy (ne bis in idem) does not forbid administrative/regulatory proceedings in addition to criminal/civil ones where the mandates, purposes and outcomes differ. The IO stated that the CBLR proceedings are disciplinary/regulatory and not criminal prosecution of the importer. The doctrine of double jeopardy does not apply to administrative disciplinary action of a separate regulatory domain. Hence, the plea was untenable.

iii) **“Board Circulars/ Instruction 1/2023”**: - The CB submitted that instructions prohibit making a CB a Noticee where it had no role; thus SCN was contrary to binding advisories.

The IO found that Board instructions must be read contextually - they caution against casually making a CB a Noticee where no role is discernible. However, they do not immunize a CB from Inquiry where there is credible material indicating breach of CBLR obligations. The present record contained such material (admissions, forwarding of documents, agency payments, non-verifications). Reliance upon board circulars does not shield admitted regulatory lapses. The Inquiry Officer stated that he was satisfied there was sufficient material to proceed.

iv) **“No Bill of Entry Filed”**: - The CB argued that absence of BE means CB had no role; allegation of connivance baseless.

The IO found that non-filing of BE by the importer does not negate regulatory obligations of the CB. The IO stated that the CB's operational acts (accepting documents, forwarding to other brokers, receiving fees, transporting cargo, acting through its G-Pass holder) were themselves supervisory responsibilities. Moreover, absence of BE underscored the greater need for vigilance - a CB dealing with an importer who repeatedly failed to complete statutory formalities presented clear red flags which must have been escalated or refused. Thus, absence of BE did not absolve the CB of responsibility; rather it magnified the duty to exercise caution.

v) **“No motive/ No benefit”**: - The CB submitted that they did not benefit from mis-declaration; lacked mens rea.

The IO found that mens rea is relevant to criminal liability; for regulatory action under CBLR, focus is on compliance standards and supervisory duty. The IO submitted that the CB's admitted receipt of agency fees and payments, historical relationship and role as transporter indicated a commercial nexus. The CB's gross negligence enabled concealment and therefore warranted regulatory sanction. The absence of direct proof of benefit did not defeat a finding of regulatory contravention.

vi) **“Invalid Offence Report/Time Bar/ Procedure”**: - The CB argued that the offence report is not a valid foundation; SCN is time-barred; proceedings unlawful.

In this regard, the IO found that the offence report and subsequent SCN Issued by Group were correctly placed on record as the source of allegations about mis-declaration and seizure. The IO submitted that they are concerned with whether the materials justify an inquiry under Regulation 17 - not whether the Group's SCN alone is final. The IO submitted that the CB's submissions on time bar/technical invalidity were not substantiated by documentary proof in the CB's pleadings; moreover, where seizure and examination occurred in June 2024 and the present SCN is dated August 2025, the timeline was within the regulatory scope of inquiry. Any discrete time-barred challenge to the Group SCN could be addressed in that adjudication; it did not prevent the present administrative Inquiry. Accordingly, the IO stated that these technical objections did not merit dismissal of the Inquiry.

vii) **“Request for cross-examination of statements recorded by SIIB(I)”**: - The CB submitted that persons whose statements form basis should be cross-examined.

The IO found that Cross-examination requested by the CB were legitimate requests for procedural fairness. However, this Inquiry had considered the statements placed on record by SIIB(I) and the CB (including admissions by its G-Pass holder). Where warranted, the Inquiry Officer recommended that relevant statements be placed before the adjudicating authority as required; the lack of cross-examination in this inquiry did not vitiate the admitted factual record of the CB's own employee. The CB was at liberty to pursue cross-examination/redress through the adjudicating process where appropriate.

9.4 The CB argued that the activities were conducted by its G-Pass holder on commission and the firm was not directly involved. Regulation 13(12) explicitly provides that the Broker is responsible for the acts/omissions of their employees during their engagement and must ensure necessary supervision.

Facts on record showed that:

- The CB's licence had been inoperative since 2021, yet its G-Pass holder continued to operate, obtain documents, forward them to other CBs, and receive payments.
- There was no oversight or control exercised by the CB over the actions of its authorised person.
- The G-Pass holder admitted receiving agency charges, arranging transportation, and handling documents without supervision.

The IO submitted that such unregulated functioning amounted to gross supervisory failure, squarely attracting Regulation 13(12) of the CBLR, 2018.

9.5 The IO submitted that in view of above discussion and finding it appeared that the admitted conduct of the CB's authorised person amounted to failure in exercising due diligence and failure to supervise their personnel, in contravention of Regulation 13(12) of the CBLR, 2018. Therefore, it appeared that the allegation against the Customs Broker M/s. IOCC Shipping Pvt. Ltd. (CB License No. 11/750) under Regulation 13(12) of the CBLR, 2018 was "Proved".

RECORDS OF PERSONAL HEARING: -

10. The personal hearing in the matter was held on 10.02.2026 before me. Shri Pankaj Pai, Consultant at M. Neerav & Associates appeared for the personal hearing on behalf of the CB. He submitted a written reply dated 07.02.2026 and reiterated the same. Accordingly, the written submission of the CB was taken on record.

WRITTEN SUBMISSION OF THE CB: -

11. The CB submitted that the Inquiry Officer failed to note that their CB license is inoperative since April 2021 till date due to demise of the Managing Director of the CB

viz. Shri Harcharansingh K. Rathore on 10-04-2021 as the issue of Regulation 6 of CBLR (Examination of Applicant) is pending. In such circumstances, first and foremost, they at no stage had filed any Bill of Entry and Shipping Bill at JNCH including Past & Present consignments of Global Natural Petro Industries (GNPI) and were not the CB for the said Importer, whatsoever. Thus, the CB submitted that they cannot be penalized under CBLR, 2018 in the matters where they never acted in the capacity of the CB.

11.1 No Violation of Regulation 13(12) of CBLR:

The CB submitted that the IO had misread the provision of Regulation 13(12) of CBLR.

The said regulation is as under:

13(12) "The Customs Broker shall exercise such supervision as may be necessary to ensure proper conduct of his employees in the transaction of business and he shall be held responsible for all acts or omissions of his employees during their employment".

The CB submitted that they are responsible for conduct of their employees in the transaction of business of them. The CB submitted that the words of the said Regulation i.e. "in the transaction of business" which pertains to business of the CB. In the instant case, the CB submitted that they had not transacted any business since April 2021 till Date as submitted above. The CB submitted that even by above provision of CBLR, they cannot be held guilty of contravention of Regulation 13(12) of the CBLR, 2018. The CB submitted that the action under the CBLR, if at all required to be initiated, then it is on the CBs/CHAs who had filed Authorisation from GNPI under Regulation 10(a) of CBLR for the past consignments of GNPI in 2023.

11.2 Allegation of Non-Verification of Address of GNPI Physically:

a. The CB submitted that the responsibility of verification of address of Importer or Exporter under KYC Norms is of the CB who files the Bill of Entry and/or Shipping Bill as Authorised Representative of Importer and/or Exporter respectively. The CB submitted that since April 2021 till date they had not filed any Shipping Bill and Bill of Entry for any Importer and Exporter, as the case may be, being inoperative, no liability cast on them.

The CB submitted that Regulation 10(a) of CBLR states as under:

“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;

The CB submitted that no such Authorisation was issued by GNPI to them, as such they were not Authorised Representative of GNPI for past as well as present consignments. The CB submitted that it is on record that for Past Consignments of 2023 of GNPI, Airtrax Freight Logistics and Bhupendar Shipping Services were Authorised CB under Regulation 10(a) of CBLR and address verification in Physical Mode condition applied to the said two CBs and such contravention cannot be made on them as well as the CB's G-Card Holder Employee, who merely professionally referred the matter to another CB. The CB submitted that even if it is assumed that the CB's G-Card Holder received documents of KYC, which were admittedly handed over to the CB handling the imports, then also non-verification of address physically cannot be contravention of Regulation 13(12) of CBLR, 2018 when Statutory Documents such as IEC, Aadhar card, GST, PAN copies showed the registered address and as GNPI was located at Delhi, it was not feasible for Taranjeet Singh Rathore to visit at Delhi nor it was his responsibility in any manner, not being the CB for the said Importer.

b. The CB submitted that the Proprietor of GNPI held GST Registration No. 07DBAPK7141C122 with effect from 20-12-2022 and is active till date at the very same address which is claimed by the Customs Investigating Officers as “found locked” and till date has filed GST Returns. The CB submitted that it is statutorily binding for the GST Authorities to verify the premises alongwith G-Mapping before allotting GST Registrations. The CB submitted that in such scenario, allegation that Office Premises of GNPI was Found Locked and that enquiries revealed that the said office was closed for 4 years, appeared to be absolutely doubtful and questionable. The CB submitted that the GST Portal, which is under the CBIC, evidences that GNPI exists till date and adhering to GST norms. The CB submitted that when the address of GNPI is verified physically by the GST

& Central Excise Officers under the CBIC and such details available on the GST Portal, mere allegation that Taranjeet Singh Rathore (G-Card Holder) of the CB did not physically verify the address is merely a reason to penalize them for improper investigation by the concerned Customs Authorities.

The CB placed reliance upon the following decisions:

- i. *Parvath Shipping Agency versus Commissioner of customs (Gen.), Mumbai, [2017 (357) E.L.T. 296 (Tri-Mumbai)]*
- ii. *Bombay Shipping Agency versus Commissioner of Cus. (General), MUMBAI [2014 (299) E.L.T. 352 (Tri. - Mumbai)]*

11.3 Allegation of abetting with GNPI For smuggling is only assumptive:

a. The CB submitted that SCN No. 326/2025-26/JC/Gr.I&IA/NS-I/CAC/JNCH dated 20-06-2025 was issued to GNPI and also to G-Card Holder of the CB (Taranjeet Singh Rathore) for penalty on the grounds that Taranjeet Singh Rathore abetted GNPI in importing Areca Nut illegally. The CB submitted that the litigation is pending adjudication before the Adjudicating Authority. The CB submitted that there is no iota of evidence of any abetment by Taranjeet Singh Rathore. The CB submitted that Taranjeet Singh Rathore in his statement had also stated that after 2023 which was after clearance of “past consignments” by the CBs Airtrax & Bhupendar, said Pravin Kumar of GNPI, never contacted him. The CB submitted that mere allegation that Taranjeet Singh Rathore did not physically verify address of GNPI in 2023 for the past consignments, Taranjeet Singh Rathore is held responsible by such serious allegation which is not only illogical but also illegal. The CB stated that the present consignment was destined to TKD ICD and instead of following proper steps to initiate investigation after claiming the present consignment and filing of Bill of Entry at TKD-ICD, the Customs Authorities at JNCH showed haste prematurely. The CB alleged that the Customs Authorities in order to circumvent such haste and improper investigation, made the CB a scape goat for penalizing by alleging contravention of Regulation 13(12) of CBLR, when it is evident that they had not filed any document of Import or Export for any person since April 2021 till date and most

importantly was not the CB for the Importer. The CB submitted that they cannot be penalized for improper investigation carried out in pure haste by the Customs Authorities which claimed, the office of GNPI was locked and enquires revealed that no one operated from that premises for many years.

b. The CB submitted that they had placed reliance upon the following case laws in support of contention herein above.

- i. *Commissioner of Customs (Import) versus Wings Electronics [2015 (323) E.E.T. 450 (S.C.)]*
- ii. *Commr. of Cus. (Export Promotions), Mumbai versus Diamond Polyprints [2016 (332) E.L.T. 883 (Tri. - Mumbai)]*
- iii. *Bijoy Sharma Versus Commissioner of Customs, Shillong [2003 (151) E.L.T. 94 (Tri. - Kolkata)]*

11.4 The CB summarized the submission as under:

- a) The CB is inoperative since April 2021 till date and had not filed any Import or Export Documents as a CB for any person including Past and Present Consignment of GNPI.
- b) The CB is not the person or CB in terms of Regulation 10(a) of CBLR for past Consignments of GNPI as such they and/or their employee were not responsible for KYC of GNPI.
- c) For the Present Consignment under litigation of GNPI which was to be discharged at TKD ICD, at JNCH, no one including the CB had filed BE or claimed with the Shipping Line for the same.
- d) The Customs Authorities for address of GNPI relied upon some layman for its non-existence instead of making enquiries with the Jurisdictional GST & CX Authorities who are counter-part of the Customs and as per GST Portal, GNPI is in existence at very same till today.
- e) The Impugned Notice seeks to initiate action against the CB without evidencing that they were Authorised CB of GNPI under Regulation 10(a) of CBLR.
- f) The Impugned Notice is seeking to penalize the CB to circumvent improper and hasty investigation carried out by the Investigating Officers.

11.5 In view of the above, the CB submitted that the Impugned Notice and Inquiry Report are not sustainable and the CB prayed that the SCN and the Inquiry Report may be quashed.

DISCUSSIONS AND FINDINGS: -

12. I have gone through the facts and records of the case; the offence report received in the form of Show Cause Notice No. 326/2025-26/JC/Gr.I&IA/NS-I/CAC/JNCH dated 20.06.2025 issued by the Joint Commissioner of Customs, Group-I&IA, NS-I, JNCH, Mumbai Zone – II; Show Cause Notice No. 26/2025-26 dated 28.08.2025 issued under Regulation 17(1) of the CBLR, 2018; Inquiry Report dated 01.12.2025, PH records dated 10.02.2026 and the CB's written submission dated 07.02.2026.

13. Briefly stated, the investigation originated from intelligence gathered by SIIB(I), JNCH, which led to the interception and examination of five containers imported from the UAE in the name of M/s Global Natural Petro Industries. While the goods were declared as Linear Low Density Polyethylene (LLDPE), the physical examination revealed a massive concealment of 70,580 kgs of Areca Nuts under the guise of declared goods i.e. LLDPE. Areca Nuts are a restricted item subject to a Minimum Import Price (MIP) and high tariff values; in this instance, the undeclared cargo was valued at approximately Rs. 3.59 Crores, with an estimated duty evasion of Rs. 3.95 Crores. Subsequent searches by the investigating agency revealed that the importer was a non-existent entity, as their registered office in Pitampura, Delhi, had been locked for years, and the residential addresses of the proprietor, Shri Praveen Kumar, could not be traced.

The role of the Customs Broker, M/s. IOCC Shipping Pvt. Ltd., came under scrutiny through the activities of its G-Card holder, Shri Taranjeet Singh Rathore. Shri Rathore admitted that although the CB firm had become inoperative in 2021 following his father's demise, he continued to operate on a commission basis by forwarding documents from the importer to other Customs Brokers, such as M/s Airtrax Freight Logistics, for filing and clearance. Crucially, he confessed to never physically verifying the importer's address, relying entirely on provided KYC documents, despite having handled 5-6 prior consignments for the same client and acting as their transporter. This systemic failure in

due diligence and lack of supervision over employee conduct led to the allegation that the CB violated Regulation 13(12) of the CBLR, 2018, effectively facilitating a smuggling operation through gross negligence and a conflict of interest. Consequently, the CB is charged with violating Regulation 13(12) of the CBLR, 2018.

14 Violation of Regulation 13(12) of the CBLR, 2018:

(a) I find that the charge of violation of Regulation 13(12) of the CBLR, 2018 has been levelled against the CB on the grounds that, 'Regulation 13(12) of the Customs Brokers Licensing Regulations (CBLR), 2018, mandates that Customs Broker exercise strict supervision over their employees to ensure proper conduct in customs-related transactions. This includes establishing robust systems to verify client authenticity and the accuracy of declarations, thereby preventing non-compliance such as misdeclaration or smuggling. In the case of M/s IOCC Shipping Pvt. Ltd., serious violations of this regulation were uncovered through the actions and omissions of its G-Card Holder, Shri Taranjeet Singh Rathore. A key lapse involved the failure to verify the credentials of the importer, M/s Global Natural Petro Industries. Shri Rathore admitted to relying solely on KYC documents without physically verifying the importer's registered address. Investigations revealed that the stated office in Pitampura, Delhi, was locked and untraceable, indicating a lack of due diligence. This negligence enabled transactions with a dubious importer, facilitating the smuggling of areca nuts mis-declared as LLDPE.

Further, Shri Rathore demonstrated inadequate oversight in handling import documents. He forwarded these documents to other Customs Brokers, such as M/s Airtrax Freight Logistics, without verifying their authenticity or accuracy. As a responsible Customs Broker, M/s IOCC Shipping Pvt. Ltd. was obligated to scrutinize these documents to prevent misdeclaration. The failure to do so led to the concealment of areca nuts under the guise of LLDPE, a serious offence confirmed during examination proceedings. The investigation also highlighted a lack of supervision in transaction processes. Despite handling prior consignments for the same importer, Shri Rathore did not implement systems to verify consignment details or the importer's operations. His role as an

intermediary and transporter, without rigorous checks on declared cargo enabled the smuggling attempt. This reflected a systemic failure to supervise customs transactions, as required under Regulation 13(12). Compounding the issue was Shri Rathore's dual role as Customs Broker and transporter, which created a conflict of interest. He delivered goods to unverified addresses provided by the importer's representative without confirming their legitimacy. This lack of oversight facilitated the movement of potentially smuggled goods and compromised the integrity of the customs process. Moreover, M/s IOCC Shipping Pvt. Ltd. had previously handled consignments for M/s Global Natural Petro Industries without verifying delivery addresses or the nature of the goods. This pattern of inadequate due diligence, including failure to physically verify godown or office locations, underscored a broader failure to supervise customs-related activities. Although, Shri Rathore claimed no involvement in the current consignment and stated his firm had been inactive since 2021, his prior dealings and admissions revealed a consistent lack of oversight. In view of the foregoing observations, it was evident that the CB failed to supervise their staff as required under Regulation 13(12) of the CBLR, 2018'.

(b) I find that the Inquiry Officer, in this regard, has observed that, Regulation 10 requires a CB to exercise due diligence in verifying client KYC and antecedents. The admitted facts established that Shri T. S. Rathore (G-Pass holder connected with IOCC) accepted KYC documents by mail and explicitly admitted that they did not physically verify the importer's registered office or premises for the present or prior consignments nor did conduct any independent verification. The IO submitted that independent verification is a basic and recognised step of checks for a new/unknown importer, particularly where KYC/information is scant or repetitive consignments show unusual patterns. The IO submitted that the non-existence of the importer's declared office (locked premises, neighbours unaware) demonstrated that the KYC process relied upon was inadequate and misleading. The IO found that there was a failure of supervision/inoperative licence as the license of IOCC is on record as Inoperative since 2021. Despite that, the CB's G-card holder continued to act for the Importer, forwarding documents to other CBs and accepting agency charges. The IO submitted that regulation 13(12) casts responsibility upon the

Customs Broker to supervise employees and ensure proper conduct. A firm that is inoperative and yet has its G-Pass holder operating quasi-independently without oversight squarely falls within the mischief that Regulation 13(12) contemplates. The IO submitted that the CB cannot disclaim responsibility for the admitted actions of its G-Pass holder by a formalistic statement that the licence was 'inoperative'. The Act and Regulations treat the Broker as answerable for lapses of their agents/employees/authorised persons.

The IO found that there was monetary transactions and role as transporter in the present case as Shri Rathore's admission that they received Rs. 4,000 per container and paid other CBs for clearance, and that they acted as transporter, showed commercial involvement beyond mere passive association. The IO submitted that commercial nexus demonstrated more than a distant or innocent relationship with the importer and consignments; it supported the conclusion that IOCC (through its G-Pass holder) participated in the chain of activities that created the risk for mis-declaration and concealment. In the present case, the IO found that the practice of forwarding importer documents to other CBs for filing without conducting or ensuring adequacy of due diligence is an abdication of regulatory responsibility. The IO submitted that a CB that obtains client documents and procures clearance indirectly remains bound to ensure the veracity of the client and legitimacy of the transaction.

The IO stated that proceedings under CBLR are regulatory / disciplinary against a licensed Customs Broker for breach of regulatory obligations. There is no legal bar to parallel proceedings where separate statutory/regulatory powers exist. The fact that outcome of one proceeding may be relevant to the other does not render an inquiry per se premature. On the contrary, early inquiry is necessary to safeguard the regulatory framework and prevent misuse of CB privileges. Therefore, the CB's request to stay proceedings pending adjudication was therefore rejected. The IO further stated that the CBLR proceedings are disciplinary/regulatory and not criminal prosecution of the importer. The doctrine of double jeopardy does not apply to administrative disciplinary action of a separate regulatory domain and hence, the plea was untenable. The IO further

stated that Board instructions must be read contextually - they caution against casually making a CB a Noticee where no role is discernible. However, they do not immunize a CB from Inquiry where there is credible material indicating breach of CBLR obligations. The present record contains such material (admissions, forwarding of documents, agency payments, non-verifications). Reliance upon board circulars does not shield admitted regulatory lapses. The Inquiry Officer stated that he was satisfied there was sufficient material to proceed.

The IO found that non-filing of BE by the importer does not negate regulatory obligations of the CB. The IO stated that the CB's operational acts (accepting documents, forwarding to other brokers, receiving fees, transporting cargo, acting through its G-Pass holder) are themselves supervisory responsibilities. Moreover, absence of BE underscored the greater need for vigilance by a CB dealing with an importer who repeatedly failed to complete statutory formalities presented clear red flags which should have been escalated or refused. Thus, absence of BE did not absolve the CB of responsibility; rather it magnified the duty to exercise caution. The IO submitted that in view of the aforementioned discussions and findings it appeared that the admitted conduct of the CB's authorised person amounted to failure to exercise due diligence and failure to supervise their personnel, in contravention of Regulation 13(12) of the CBLR, 2018. Therefore, it appeared that the allegation against the Customs Broker M/s. IOCC Shipping Pvt. Ltd. under the Regulation 13(12) of the CBLR, 2018 is proved.

(c) I find that the CB contended that they cannot be held liable for any violations under the Customs Broker Licensing Regulations (CBLR), 2018, because their license has been inoperative since April 2021 following the death of their Managing Director. They maintain that they never acted as the authorized representative for the importer, M/s Global Natural Petro Industries, never received an authorization as required by Regulation 10(a), and did not file any Bills of Entry or Shipping Bills for the importer's past or present consignments. Consequently, the CB argued that they had no legal obligation to conduct KYC or physical address verifications, as these responsibilities belonged to the specific

brokers who actually transacted the business. Furthermore, the CB challenged the allegation of a Regulation 13(12) violation, asserting that they cannot be held responsible for employee conduct in the transaction of business when no such business was being conducted by the firm. They also disputed the findings of the investigating officers regarding the importer's non-existence, pointing out that the importer maintains an active GST registration and continues to file returns from the same address. The CB concluded the submission stating that the Inquiry Report is unsustainable and based on a hasty investigation, requesting that both the Show Cause Notice (SCN) and the inquiry report be quashed.

(d) Regulation 13(12) mandates that a Customs Broker shall exercise such supervision as may be necessary to ensure proper conduct of his employees in the transaction of business and he shall be held responsible for all acts or omissions of his employees during their employment. Having gone through the facts and records of the case, I find that the CB has primarily argued that they cannot be held liable because their license has been inoperative since April 2021 due to the demise of their Managing Director. They contend that they did not file any Bill of Entry for the importer, M/s. Global Natural Petro Industries, and therefore did not transact business as a Customs Broker. However, the evidence on record tells a different story. I have gone through the statement of Shri Taranjeet Singh Rathore, a G-Card holder and authorized person of the CB firm wherein, he admitted to acting as a middleman for the importer, M/s Global Natural Petro Industries, for 5-6 prior consignments; obtaining KYC documents and forwarding them to another CB (M/s Airtrax Freight Logistics) for filing; collecting commission and agency charges for these services; arranging transportation for the goods. The CB's argument that they were "inoperative" is unacceptable under the circumstances of the case. If the firm was inoperative, the CB had a heightened duty to ensure that its authorized G-Card holders were not using the firm's credentials or professional standing to facilitate third-party clearances. By allowing Shri Taranjeet Singh Rathore to continue dealing with importers and other brokers under the umbrella of his G-Card status (linked to M/s IOCC Shipping Pvt. Ltd.), the CB failed in its supervisory role.

Regulation 13(12) does not only apply when a Bill of Entry is filed directly by the CB. It applies to the “conduct of employees in the transaction of business”. Shri Taranjeet Singh Rathore’s admission that he never visited the importer’s premises and relied solely on digital documents which were later found to belong to a non-existent entity at the given address highlights a gross failure of due diligence. The fact that 70,580 kgs of restricted Areca Nuts were being smuggled under the guise of LLDPE indicates that the business being transacted was fraudulent. The CB, by failing to supervise Shri Rathore, failed in its duties obligated under the CBLR, 2018. The CB’s claim that they are not responsible for the KYC of the importer because they didn’t file the Bill of Entry is legally untenable; it is a fact brought on record during the investigation that an authorized employee (Shri Taranjeet Singh Rathore) of the CB was the primary point of contact of the importer.

I find that the importer was non-existent at the registered address and was involved in the organized smuggling of restricted Areca Nuts. The CB’s employee, Shri Taranjeet Singh Rathore, facilitated this by failing to conduct physical verification and by acting as an unauthorized intermediary for commission. The CB firm exercised zero supervision over this employee during the period they claim to be “inoperative”. A Customs Broker is a licensee of the department and must act responsibly in ensuring revenue protection. The CB cannot disown the actions of its G-Card holder. If the CB allowed its employee to hold a valid G-Pass and represent the firm in the trade, they are legally responsible for that employee’s actions in trade. Consequently, I concur with the Inquiry Officer's report and observe that the charge of violating Regulation 13(12) is established beyond doubt. The CB has failed to maintain the high standards of professional integrity and oversight required under the CBLR, 2018. In this regard, I place reliance on the following caselaws:

- i. **Hon’ble CESTAT, NEW DELHI, in the Final Order No: 51504/2023 Date of Decision: 06/11/2023 in the matter of M/s. SKH Freight Logistics Pvt. Ltd. vs Commissioner of Customs – New Delhi, wherein, under para 18, it is held that:**

“Since the custom broker is responsible for all acts and means of his employees during their employment as per Regulation 13(12) of CBLR of 2018, it was mandatory for the appellant to advise the exporter to comply with the provisions

of the Customs Act, else to have brought to the notice of the Dy. Commissioner Customs about the non-compliance. But neither the appellant nor his G card holder has ever brought the impugned fraud to the notice of the competent authorities. We have no reason to differ from the findings arrived at against the appellant”.

- ii. **Hon’ble CESTAT, NEW DELHI, in the Final Order No: 50030/2024 Date of decision: 09.01.2024 in the matter of HBS Logistics vs. Commissioner of Customs – New Delhi, wherein, under para 12, it is held that:**

“The appellant cannot escape the liability by putting the entire burden on his employee and say that nothing was in his knowledge. Consequently, we hold that the appellant is vicariously liable and responsible for the conduct of Prashant Jain being his employee in fabricating the document. The provisions of the regulations cast special obligations on the Customs broker to ensure proper conduct of his employees. The appellant has miserably failed to supervise the working and the conduct of his employee in terms of Regulation 13(12) and is, therefore, liable for all the acts and omissions of his employee.”.

15. 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 Customs Broker M/s. IOCC Shipping Pvt. Ltd. (CB License No. 11/750) has violated Regulation 13(12) of the Customs Brokers Licensing Regulations (CBLR), 2018. I find that for the violation of obligations provided under CBLR, 2018 and for their act of omission and commission, the CB M/s. IOCC Shipping Pvt. Ltd. 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 CB 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 CB is supposed to safeguard the interest of both the importers and the Customs. A lot of trust is kept in CB 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 CB Licensing Regulations lists out obligations of the CB. Any contravention of such obligations even without intent would be sufficient to invite upon the CB 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 CB 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 CB, 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."

16. As discussed above, I conclude that the CB M/s. IOCC Shipping Pvt. Ltd. (CB License No. 11/750) is guilty of violation of Regulation 13(12) of the CBLR, 2018. In conclusion, the investigation and the subsequent inquiry have established that the Customs Broker, M/s. IOCC Shipping Pvt. Ltd., failed to exercise the mandatory oversight required under Regulation 13(12) of the CBLR, 2018. The evidence confirms that while the CB claimed to be inoperative, its authorized G-Card holder, Shri Taranjeet Singh Rathore, continued to conduct customs-related business including handling documents for a non-existent/ dummy importer, arranging transportation, and facilitating clearances through other brokers for a commission all without any supervision from the licensee. The CB’s defence that they are not liable because they did not personally file the Bill of Entry is legally unsustainable, as the regulation specifically holds the licensee responsible for the acts and omissions of their employees during their engagement.

Further, on perusal of the offence report, I find that no discrepancy was reported in the previously cleared consignments viz. hydrocarbon oil imported in the past by M/s Global Natural Petro Industries. I find the investigation revealed that no Bill of Entry was filed for the current consignment. Also, I observe from the offence report that no Bill of Entry was filed by the CB M/s IOCC Shipping Pvt. Ltd for the importer M/s Global Natural Petro Industries at any point of time. From the facts and evidences available on record, the statements of persons recorded during the investigation I observe that the direct involvement of the CB M/s IOCC Shipping Pvt. Ltd. in the smuggling of Areca Nuts in the current consignment is not evident. Hence, in light of the facts and evidences on record, and applying the principle of benefit of doubt, I am of the view that the extreme penalty of revocation would be disproportionate, as there is no evidence of the CB's active connivance in the current smuggling attempt. Therefore, a balanced approach is warranted to allow the CB an opportunity to rectify any lapses and act with due diligence to enhance supervision over the conduct of their employees. Hence, under the factual matrix of the case and considering the defence arguments of the CB and applying the principle of proportionate punishment I am not inclined to revoke the License and forfeit the security deposit of the CB as the punishment of revocation of license and forfeiture of security deposit is much harsher and disproportionate to the offences committed. However, I am of the considered view that the ends of justice will be met by imposing a penalty on the CB, under Regulation 18 of the CBLR, 2018 which suffices both as a punishment for the infraction and as a deterrent to future violations. In this regard, I place reliance on the following caselaws:

- a) **Delhi High Court has, in the case of Falcon Air Cargo and Travels (P) Ltd [2002 (140) ELT 8 (DEL)] held as follows:**

"13. By order dated 15-7-2000, licence was revoked. It is not clear how there could be revocation when the licence itself was not functional after 13-1-2000. Licence can be suspended or revoked on any of the grounds as mentioned in Regulation 21. It is, therefore, clear that if any of the grounds enumerated existed, two courses are open to the Commissioner. One is to suspend the licence and the other is to revoke it. Suspension would obviously mean that licence would be for a particular period inoperative. An order of revocation would mean that licence is totally inoperative

in future, it loses its currency irretrievably. Obviously, suspension/revocation, as the case may be, has to be directed looking to the gravity of the situation in the background of facts. For minor infraction or infraction which are not of very serious nature order of suspension may suffice. On the contrary, when revocation is directed it has to be only in cases where infraction is of a very serious nature warranting exemplary action on the part of the authorities, otherwise two types of actions would not have been provided for. Primarily it is for the Commissioner/Tribunal to decide as to which of the actions would be appropriate but while choosing any of the two modes, the Commissioner/Tribunal has to consider all relevant aspects and has to draw a balance sheet of gravity of infraction and mitigating circumstances. The difference in approach for consideration of cases warranting revocation or suspension or non-renewal has to be borne in mind while dealing with individual cases. In a given case the authorities may be of the view that non-renewal of licence for a period of time would be sufficient. That would be in a somewhat similar position to that of suspension of licence though it may not be so in all cases. On the other hand, there may be cases where the authorities may be of the view that licensee does not deserve a renewal either. Position would be different there. Though we have not dealt with the question of proportionality, it is to be noted that the authorities while dealing with the consequences of any action which may give rise to action for suspension, revocation or nonrenewal have to keep several aspects in mind. Primarily, the effect of the action vis-a-vis right to carry on trade or profession in the background of Article 19(l)(g) of the Constitution has to be noted. It has also to be borne in mind that the proportionality question is of great significance as action is under a fiscal statute and may ultimately lead to a civil death."

b) Delhi High Court has in case of Ashiana Cargo Services [2014 (302) ELT 161 (DEL)] held as follows:

"11. Viewing these cases, in the background of the proportionality doctrine, it becomes clear that the presence of an aggravating factor is important to justify the penalty of revocation. While matters of discipline lie with the Commissioner, whose best judgment should not be second-guessed, any administrative order must demonstrate an ordering of priorities, or an appreciation of the aggravating (or mitigating) circumstances. In this case, the Commissioner and the CESTAT (majority) hold that —there is no finding nor any allegation to the effect that the appellant was aware of the misuse of the said G cards, but do not give adequate, if any weight, to this crucial factor. There is no finding of any mala fide on the part of the appellant, such that the trust operating between a CB and the Customs

Authorities (as a matter of law, and of fact) can be said to have been violated, or be irretrievably lost for the future operation of the license. In effect, thus, the proportionality doctrine has escaped the analysis”.

- c) **In the case of ACE Global Industries [2018 (364) ELT 841 (Tri Chennai)], Hon’ble Tribunal observed as follows:**

“6. We are unable to appreciate such a peremptory conclusion. The CBLR, 2013 lays down that stepwise procedures are to be followed before ordering any punishment to the Customs broker. True, the said regulations do contain provisions for revocation of the license and for forfeiture of full amount of security deposit, however these are maximum punishments which should be awarded only when the culpability of the Customs broker is established beyond doubt and such culpability is of very grave and extensive nature. In case of such fraudulent imports, for awarding such punishment, it has to be established without doubt that the Customs broker had colluded with the importer to enable the fraud to take place. No such culpability is forthcoming in respect of the appellant herein.....”

- d) **Hon’ble CESTAT, Mumbai in the matter of Setwin Shipping Agency Vs. CC (General), Mumbai – 2010 (250) E.L.T 141 (Tri.-Mumbai) observed:**

“it is a settled law that the punishment has to be commensurate and proportionate to the offence committed”.

17. Having gone through the facts of the case and evidences on record, it is noted that the proceedings do not establish conclusive evidence of deliberate abetment or mens rea on the part of the Customs Broker. The role of the CB, though marked by negligence and lack of professional caution, appears to be one of omission and failure to adhere to prescribed standards rather than active complicity in the fraud perpetrated by the importer. This distinction is of material importance while determining the proportionality of punishment under the licensing regulations. The objective of action under the CBLR is not punitive alone but also corrective and deterrent, aimed at ensuring that Customs Brokers adhere to the high standards of diligence and responsibility expected of them as licensed intermediaries. In the present case, the regulatory lapses established on record justify imposition of a monetary penalty under Regulation 18 of the CBLR, 2018, so as to underscore the seriousness of the obligations violated and to deter recurrence of such lapses

in future. However, having regard to the absence of proven abetment, the nature of the violations, and the fact that revocation of licence would have severe and disproportionate consequences on the livelihood of the CB and its employees, the extreme penalty of revocation or forfeiture of security deposit is not warranted.

18. In light of the foregoing discussion and findings and keeping in mind the 'Doctrine of Proportionality' which propagates the idea that a punishment for an offence should be proportional to the gravity of the offence, I am not inclined to revoke the license or forfeit the security deposit furnished by the CB. However, for their acts of omission and commission, the Customs Broker M/s. IOCC Shipping Pvt. Ltd. (CB License No. 11/750) is held liable and guilty for violating the provisions of the CBLR, 2018 as mentioned above. Accordingly, I pass the following order:

ORDER

19. 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 impose a penalty of Rs. 50,000/- (Rupees Fifty Thousand only) on M/s. IOCC Shipping Pvt. Ltd. (CB License No. 11/750) under Regulation 18(1) of the CBLR, 2018.

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.


(Shraddha Joshi Sharma)
 Commissioner of Customs (Gen.)
 NCH, Mumbai-I

To,

M/s. IOCC Shipping Pvt. Ltd. (CB License No. 11/750)
 203, Sai Samarth Business Park,
 Deonar Village Road, Govandi (East),
 Mumbai- 400088.

Copy to:

1. The Pr. Chief Commissioner/ Chief Commissioner of Customs, Mumbai - I, II, III Zone.

2. The Pr. Commissioner of Customs, NS-I, JNCH.
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 Department, NCH
7. Office Copy

ORDER

20/10/2025
 (Signature)
 Commissioner of Customs (Genl)
 NS-I, JNCH