



आयुक्त, सीमाशुल्क का कार्यालय (सामान्य)
 OFFICE OF THE COMMISSIONER OF CUSTOMS (GENERAL),
 नवीन सीमाशुल्क भवन, बेलार्ड इस्टेट, मुंबई 400 400 -1.
 NEW CUSTOM HOUSE, BALLARD ESTATE, MUMBAI-400 001.

संचिका सं/F. No.- GEN/CB/491/2024 -CBS

आदेश दिनांक/Date of Order: ३०.१२.२०२५

CAO No. १२१/2025-26/CAC/CC(G)/SJS/Adj-CBS जारी दिनांक/Date of issue: ०५.०१.२०२६

संख्या:

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DIN:-

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, 129 की धारा 1962A(1B)(i) के संबंधमें 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), १९८२, के प्रावधानों के अंतर्गत, यथोत्तरांकित 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 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 क्षेत्री यांत्रिकीय अधिकारी 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 प्रांत न्याय निर्णयन अधिकारी 31.05.2018^{‘ 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 2 के उपनियम 3 के तहत निर्धारित है एवं उसी नियमावली के नियम 6 उल्लेखित व्यक्ति 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 ब्याजवलगाएगए जुर्माने की राशि रु-/1000 .पाँच लाख या इस से कम होतो रु ., (ii)यदि यह राशि रु) एवं -/5000 .पाँच लाख से अधिक हो किंतु पचास लाख से अधिक न होतो रु .(iii) यदि यह राशि रुके शुल्क -/10000 .पचास लाख से अधिक होतो 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, के तहत निर्धारित 6 की अनुसूची मद 1870 50 .रुका 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 PRM Cargo Movers (11/1027) (CHA No. AAFFP7320RCH001), having office address at 143, Avior Corporate Park, Opposite Johnson & Johnson, LBS Marg, Mulund West, Mumbai 400080 (herein referred to as the Customs Broker/CB) are holding a regular Customs Broker License No. 11/1027 issued by the Commissioner of Customs, Mumbai under Regulation 8 of the Customs House Agents Licensing Regulations (CHALR), 1984 [Now regulation 7(2) of Customs Broker Licensing Regulations (CBLR, 2018)] and as such they are bound by the regulation and condition stipulated therein,

2. An offense report in the form of Show Cause Notice No. 28/ADC/ADJ(X)/2023-24 ACC dated 01.08.2024 issued vide F. No. CUS/DBK/SCN/96/2024-DBK(EDI) by Addl. Commissioner of Customs (Export), ACC Mumbai, has been received a case of fraudulent exports by exporter M/s. Paras Industries (IEC No.-0888003668), involving 20 Custom Brokers. Vide the Offense report, inter alia, the following has been stated.

2.1 On the basis of specific information received by the DRI, MZU, Mumbai; an investigation was conducted which revealed that various export firms including M/s. Paras Industries (IEC No.-0888003668) were procuring fake purchase bills against the export consignments from one Mr. Suhel Ansari, through fake firms floated by him. Searches were conducted at the premises of Suhel Ansari, which led to the recovery of copies of bogus bills in the names of several companies, issued by him.

2.2 The office premises from where Shri Suhel Ansari was operating, situated at Room No. 30, 4th Floor, Chunwala Building, 38-Kolsa Street, Pydhonic, Mumbai-400003 was searched on 14.08.2015. During the course of search of the said premises, certain records/documents, three laptops and one hard disk and various rubber stamps were also recovered.

2.3 During the course of investigation, statement of Shri Suhel Parvez Ansari and Shri Shaikh Mohammed Arshad, employee of Shri Suhel Parvez Ansari was recorded on 24.08.2015 by DRI, Mumbai where inter-alia they stated that they supplied fake invoices to various export firms including M/s. Paras Industries (IEC No.-0888003668).

2.4 DRI vide its letter F. No. DRI/MZU/D/INT-31/2015/7766 dated 04.10.2016 mentioned that undue drawback is being claimed by the exporters by overvaluing the exports whereas cheaper material is exported and to justify the value of the goods, fake invoices from Shri. Suhel Ansari, are procured showing the higher purchase price. DRI further gave a list of exporters and stated that these exporters which includes M/s Paras Industries (IEC No. 0888003668) may have also adopted a similar modus operandi and requested that the same may be investigated by SIIB (Export), ACC, Mumbai.

2.5 During investigation, the details of exports made by the exporter M/s. Paras Industries (IEC No.-0888003668) were retrieved from the ICES System. During the period from 01.01.2011 to 31.12.2016, the exporter made total exports of 187 shipping bills with FOB value of Rs.2274.34 lakh and availed total drawback of Rs. 187 lakhs.

2.6 Special Intelligence and Investigation Branch (Export) of Air Cargo Complex, Sahar, Mumbai issued various summons from October 2017 to October 2018 to Pragnesh Suresh Jariwala, director of M/s. Paras Industries. Thereafter, on 25.10.2018, statement of Shri Pragnesh Suresh Jariwala recorded wherein he inter-alia stated that;

- i. For cotton based grey fabric, they purchase fabrics from south based companies and for polyester based grey fabrics, they purchase fabrics from Surat based companies, for ready to cut fabrics sourcing is from Mumbai and Ahmedabad;
- ii. Shri Suhel Ansari was known to him; that he had come to his office 2-3 times;
- iii. Shri Suhel Ansari was introduced to him by Mr. Uday Desai, Garment exporter, who was known to him for 15 years; Shri Suhel Ansari offered him that he could supply knitted and woven garments to him which he needed for some of his export enquiries from Africa;
- iv. Shri Suhel Ansari offered him competitive rates and good credit terms.
- v. On being asked that if he had ever purchased fabrics/ readymade garments from the companies like M/s. Ruby Trading Co., M/s. Alaska Trading Co., M/s. Suman Impex, M/s. Sumangal Enterprises, M/s. B.A. Trading, M/s. Mahavir Enterprises, M/s. Combo Trading Pvt. Ltd., M/s.

Caddilac Tradelink Pvt. Ltd., M/s. Imperious Mercantile Pvt. Ltd., M/s. Rahul Trading Co., M/s. Khushi Corporation, M/s. Apex Enterprises, M/s. Abas Trading Co., M/s. Naman Enterprises, M/s. Pavani Impex Pvt. Ltd., M/s. Snehal Enterprises, M/s. Bloomberg Multi- ventures Pvt. Ltd. etc., Shri Pragnesh Suresh Jariwala replied that yes, they have purchased genuine goods from some of these companies;

- vi. These goods were purchased under H- form, wherein they exported as it is quantities purchased by them;
- vii. They have made payment of the said purchases through RTGS from their bank account, that they will provide the details of the said purchase and payments in near future.

2.7 Shri Pragnesh Suresh Jariwala, Director of M/s. Paras Industries was again issued Summons by SIIB(X), ACC during the period from June 2019 to July 2021, but no reply was received. Meanwhile, an officer of SIIB(X) went to serve the Summons No. VKA/251/2020-21 dated 05.03.2021 on 10.03.2021 at the address of M/s. Paras Industries. However, it was found locked. Summons No. KVA/48/2021-22 dated 01.07.2021 was issued to the Surat address of Sh. Pragnesh Suresh Jariwala but no reply received.

2.8 From the investigation, it appears that M/a. Paras Industries has made the export of goods from Air Cargo Complex, Mumbai by way of over-valuation and has availed fraudulent drawback. The summary of the exports during the period 2011 to 2016 along with the fraudulently availed drawback on these exports is illustrated in table below: -

Sr. No.	Time period (LEO Date)	No. of Shipping Bills	Total FOB (In lakhs rupees)	Total DBK (In lakhs rupees)
1.	01.01.2011 to 31.12.2011	19	127.94	10.30
2.	01.01.2012 to 31.12.2012	31	206.15	16.94
3.	01.01.2013 to 31.12.2013	37	563.45	48.62
4.	01.01.2014 to 31.12.2014	47	842.03	69.88

5.	01.01.2015 31.12.2015	to	53	534.77	41.26
6.	01.01.2016 31.12.2016	to	0	0	0
Total			187	2274.34	187.00

2.9 From the above table, it appears that the exporter made exports vide 187 shipping bills and availed total drawback amount of Rs.187.00 lakhs by way of over-valuation.

2.10 It appears from investigation that goods were procured from Domestic Tariff Area (DTA) without any invoices so no details of its manufacturing, production, using Imported material or excisable material therein were available so it could not be ascertained whether any duties have been paid or otherwise. During investigation, the exporter could not produce any such details in respect of manufacturing, production or use of any imported material in impugned export goods, though he was having enough opportunity as he presented himself for recording of his statement but he failed to produce any such details.

2.11 During investigation DRI enquired with the Consulate General of India, Dubai, UAE who vide letter dated 08.03.2018 reported that from the scrutiny of the documents provided by Federal Customs Authority, Dubai it emerged that goods had been cleared and unit values had been much lower than what has been declared to Indian Customs as per DRI the instant exporter has also adopted the similar modus operandi.

2.12 Drawback amount of Rs. 1,81,32,450/- has already been disbursed to the exporter against 187 lakhs. From the above discussions, it clearly shows that transaction value is incorrect, inflated, value of goods miss-declared by the exporter M/s Paras Industries, hence goods appear to be liable for confiscation. Also, Drawback amount of Rs. 1.81,32,450/-appears to be recoverable as per Rules 16/16A of the Customs. Excise Duties and Service Tax Drawback Rule, 1995.

2.13 Further, on scrutiny of the shipping bills filed by the exporter M/s Paras Industries, it was found that the Customs Broker M/s PRM Cargo Movers

(11/1027) had cleared 01 shipping bills of the said exporter. Two summonses were issued to the CB; however, both were un-attended.

3. On scrutiny of the Offence Report, the role of the CB has been emerged as follows:

- a. Complete export was fictitious as Purchase Bills and invoices were dummy. Actual movements of goods are always under cover of Challan and Invoices. There are some other requirements of local Government which prevent movement of goods without documentation. It is also unlikely that CB has been receiving goods based on fictitious Bills and he was not aware. Further the CB has responsibility to guide exporter and inform about the requirements prescribed under the Customs Act, 1962 and other allied acts. Had the CB seen these documents relating to meeting the criteria to claim drawback under Circular No.16/2009-Customs dated 25.05.2009 issued vide F.No.609/137/2007-DBK and checked the correctness of relevant declaration, such fraudulent export could have been stopped. Therefore, under the fact and circumstances of the case, it appears that either the CB actively connived with exporters in claiming undue Drawback by over valuing the export goods or had remained a mere spectator and failed to fulfil his obligations under the Customs Broker Licensing Regulation, 2018.
- b. The CB is an agent of the exporter. He works on behalf of exporter. He also takes authorization to work on behalf of exporters. In the instant case, CB never bothered to verify the antecedent of the exporter. Further, it is observed that CB did not turn up for statement or submission despite two summonses issued to them, indicates that CB has connivingly abetted with the exporter to get undue benefit in the form of drawback and other incentives rewarded by the govt. in lieu of export.
- c. Unlike retail business where a customer comes to a retail shop and transaction concludes in a moment, the relationship between CB and exporter is a long-term relationship, so it is not possible that CB was unaware about the business profile of the exporter, especially when an exporter was transacting export of very high value goods. Thus, by the act of not bring such facts to the knowledge of the Customs officers as

mandated under CBLR, 2018 it indicates that CB is well known to the modus operandi of Sh. Suhel Ansari and his allies and actively connived with them to get illegitimate exports benefits.

4. As per the Offence Report (SCN dated 01.08.2024), the Custom Broker CB actively connived with Exporters in claiming undue drawback and overvaluing the export goods and miss-declaring in Shipping Bill. Further, penalty against the Custom Broker under Section 114(1)/114(iii) and also under 114AA of the Customs Act, 1962 read with CBLR 2013 is proposed in the subject SCN.

5. Further, it is alleged in SCN dated 01.08.2024, that CB has not fulfilled the obligations under Regulation 11(d), 11(e), 11(f), 11(g), 11(k), 11(n) and 11 (o) of CBLR, 2013 (now Regulation 10(d), 10(e), 10(f), 10(g), 10(k), 10(n) and 10 (o) of CBLR, 2018). However, on detailed scrutiny of the said SCN, it appears the CB has not fulfilled the obligations of Regulations 11(a), 11(d), 11(e), 11(f), 11(g), 11(k), and 11(n) of CBLR, 2013 (Now Regulations of 10(a), 10(d), 10(e), 10(f), 10(g), 10(k), and 10(n) of CBLR, 2018).

6. In view of the above, it appears that the CB has violated the following provisions of the CBLR, Act, 2013 (Now as CBLR, 2018).

6.1 Sub-regulation 11(a) of CBLR, 2013 (now sub 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;

As per the offence report, it is evident that the Custom Broker failed to produce authorisation letter and KYC documents of the said exporter. At any stage of the investigation the onus lies on the Customs Brokers to prove that they have obtained a proper authorisation from their client in terms of the regulation 11(a) of the CBLR, 2013. The CB is duty bound to produce such authorisation before the investigating authority as and when called. However, from the facts of the case, it is evident that the CB failed to provide such documents to the investigating agency despite giving multiple opportunity.

Hence, it appears that CB failed to perform due obligation under Regulation 11(a) of CBLR, 2013 (now Regulation 10(a) of CBLR, 2018).

6.2 Sub-regulation 11(d) of CBLR, 2013 (now Sub-regulation 10 (d) of the 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 noncompliance, shall bring the matter to the notice of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;"

As per the requirement of the Circular No.16/2009-Customs dated 25.5.2009 issued vide F.No.609/137/2007-DBK, the merchant exporters who purchase goods from traders were required to furnish a declaration in the prescribed format, at the time of export of such goods. It was the responsibility of the CB to advise his client about the requirements of such declaration. Further, it appears that the CB was aware of the fact that exporter is over valuing the goods to claim undue Drawback but it is evident that the CB did not take efforts to inform such discrepancies to Customs authorities.

Thus, in view of the above, it appears that CB have failed to perform due obligation under Regulation 11(d) of CBLR, 2013 (now Regulation 10(d) of CBLR, 2018).

6.3 Sub-regulation 11(e) of CBLR, 2013 (now Sub-regulation 10 (e) of the 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;"

As per the requirement of the Circular No.16/2009-Customs dated 25.5.2009 issued vide F.No.609/137/2007-DBK, the merchant exporters who purchase goods from traders were required to furnish a declaration in the prescribed format, at the time of export of such goods. It was the responsibility of the CB to impart such information/circulars to his client but in the instant case, CB failed to do so.

Thus, in view of the above, it appears that CB has violated the provisions of Regulation 11(e) of CBLR, 2013 (now Regulation 10(e) of CBLR, 2018).

6.4 Sub-regulation 11(f) of CBLR, 2013 (now Sub-regulation 10(f) of CBLR, 2018):

"not withhold information contained in any order, instruction or public notice relating to clearance of cargo or baggage issued by the Customs authorities, as the case may be, from a client who is entitled to such information;"

As per the offence report under consideration, the CB did not take any effort to inform his client regarding conditions laid down vide Circular No.16/2009-Customs dated 25.5.2009 issued vide F.No.609/137/2007-DBK along with other rules and regulations of the Customs. Such negligence by CB enabled the exporter to procure fake purchase orders and invoices. Subsequently, the exporter has defrauded the govt. by claiming illegitimate export benefit.

Thus, it appears that CB failed to perform due obligation under Regulation 11(f) of CBLR, 2013 (now regulation 10(f) of CBLR, 2018).

6.5 Sub-regulation 11(g) of CBLR, 2013 (now Sub-regulation 10(g) of CBLR, 2018):

"promptly pay over to the Government, when due, sums received for payment of any duty, tax or other debt or obligations owing to the Government and promptly account to his client for funds received for him from the Government or received from him in excess of Governmental or other charges payable in respect of cargo or baggage on behalf of the client;"

As per the offence report under consideration, the CB did not guide his client to promptly pay over govt. revenue in the form of wrongly claimed drawback as received by the exporter. It is the moral duty of the Customs Broker to communicate his client to pay wrongly claimed drawback amount which were rewarded by the govt. in lieu of such fraud export. The CB is very important person between Customs and exporter, such negligence indicates that the CB is also involved in this gross mis-doings of exporter and his allies.

Thus, the Customs broker has failed to perform due obligation under Regulation 11(g) of CBLR, 2013 (now regulation 10(g) of CBLR, 2018).

6.6 Sub-regulation 11(k) of CBLR, 2013 (now Sub-regulation 10(k) of CBLR, 2018):

"maintain up to date records such as bill of entry, shipping bill, transhipment application, etc., all correspondence, other papers relating to his business as Customs Broker and accounts including financial transactions in an orderly and itemised manner as may be specified by the Principal Commissioner of Customs or Commissioner of Customs or the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be;"

As it is stated in offence report, neither CB nor his authorized employees had produced themselves for statement before Customs authorities. Thus, it is evident that they failed to submit any relevant shipping bills or documents which were essential for detailed investigation. Such negligence towards the duties as the Customs Broker indicates that there was a deliberate attempt of the CB to support exporter in preparing bogus invoices and claim drawback on the basis of same.

Thus, it appears that CB failed to perform due obligation under Regulation 11(k) of CBLR, 2013 (now known as 10(k) of CBLR, 2018).

6.7 Sub-regulation 11(n) of CBLR, 2013 (now Sub-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 offence report, the address of exporter is found to be fictitious. Further, during the investigation, an officer of SIIB(X) went to serve the Summons No. VKA/251/2020-21 dated 05.03.2021 on 10.03.2021 at the address of M/s. Paras Industries. However, it was found locked. Also, during the investigation, it was also found that the Custom Broker M/s PRM Cargo Movers (11/1027) had failed to produce authorization letter of exporter, KYC documents, and other requisite documents related to packing, storage of the export consignments.

From the above, it appears that CB failed to perform due obligation under Regulation 11(n) of CBLR, 2013 (now Regulation 10(n) of CBLR, 2018).

7. The evidence on record clearly indicates that the CB was working in a serious negligent manner and was in violation of the obligations casted upon them under the CBLR, 2013 (Now CBLR, 2018). A Customs Broker occupies a very important position in the Customs house and supposed to safeguard the interests of both the exporters and the Customs department. A lot of trust is kept in CB by the Government Agencies, but by their acts of omission and commission, it appears that the CB has violated Regulations 11(a), 11(d), 11(e), 11(f), 11(g), 11(k), and 11(n) of CBLR, 2013 (Now Regulations of 10(a), 10(d), 10(e), 10(f), 10(g), 10(k), and 10(n) of CBLR, 2018) and rendered themselves for penal action under Regulations 18, 20 & 22 of CBLR, 2013 (Now Regulations 14, 17 & 18 of CBLR, 2018).

8. In light of the above, a Show Cause Notice (SCN) No. 51/2024-25 dated 29.10.2024 was issued to the CB in the terms of Regulation 17 of CBLR, 2018 (formerly under Regulation 20 of CBLR, 2013), wherein the CB, M/s. PRM Cargo Movers (CB No. 11/1027) was thereby called upon to show cause, as to why:

- i. The Customs Broker license bearing no, 11/1027 issued to them should not be revoked;
- ii. Security deposited should not be forfeited;
- iii. Penalty should not be imposed upon them;

Under Regulation 18 read with 20 & 22 of the CBLR, 2018 (now Regulation 14 read with 17 & 18 of the CBLR, 2018).

8.1 Also, Sh. Suresh Laxman Kamble, Deputy Commissioner of Customs was appointed as Inquiry Officer (IO) to conduct the inquiry into the case under Regulation 20 of CBLR, 2013 (now regulation 17 of CBLR, 2018). However, due to administrative reasons, Shri Praveen Kumar, Deputy Commissioner of Customs was appointed as an Inquiry Officer in the present matter. Accordingly, Inquiry Officer Shri Praveen Kumar, Deputy Commissioner of Customs had submitted the inquiry report dated 28.08.2025, which is discussed below.

INQUIRY REPORT: -

9. The Inquiry officer (here in after referred to as the 'IO') concluded the inquiry proceedings and submitted the inquiry report dated 28.08.2025, wherein all the charges levelled against the CB of violation of Regulations 11(a), 11(d), 11(e), 11(f), 11(g), 11(K) & 11(n) of the CBLR, 2013 (now Regulations 10(a), 10(d), 10(e), 10(f), 10(g), 10(K) & 10(n) of the CBLR, 2018) are held as "**Proved**".

FINDINGS OF THE INQUIRY OFFICER: -

10. Ongoing through the records of the matter, evidence available and submissions of the CB, following facts came into notice:

10.1 The IO submitted that the Current Enquiry is based on the offense report in the form of Show Cause Notice No. 28/ADC/ADJ(X)/2023-24 ACC dated 01.08.2024 issued vide F. No. CUS/DBK/SCN/96/2024-DBK(EDI) by Addl. Commissioner of Customs (Export), ACC Mumbai, and the Show Cause Notice No. 51/2024-25 dated 29.10.2024 vide F. No. GEN/CB/491/2024-CBS and the same have been sent to the Custom Broker from CB Section.

10.2 The IO submitted that the CB, in his representation, had contended that the initial email was presumed to be spam and therefore not acted upon. In this regard, it is to be noted that the responsibility to maintain their registered email account and to check their mails regularly, lies with the CB. The IO submitted that the Department cannot be held responsible for the negligence of the CB in not verifying the authenticity of official communications promptly. The IO stated that once the email was duly sent on the registered mail ID of the CB, the Department had discharged its obligation of communication.

10.3 The IO submitted that the CB had submitted a list of shipments for the year 2011-2012 downloaded from their proprietary software as a proof of their submission that they had never dealt with the said exporter and were not aware of the Impugned Shipping Bill. However, the IO submitted that the list provided by the CB is a document created and maintained by them. This document is always under the custody of the CB and manipulation of the list by them cannot be overruled. Therefore, the IO submitted that the said document alone does not constitute sufficient evidence to establish that the impugned shipping

bill was not filed by them or that they had no knowledge thereof and the contention of the CB is not acceptable.

10.4 The IO submitted that the CB had not produced any other evidence in support of their argument that the said Shipping Bill was filed manually in their name by some unknown person. The Shipping Bill was filed using the credentials of the CB and the responsibility for the same lies with them only.

10.5 The IO submitted that RUDs of the SCN dated 01.08.2025 were already forwarded to the Customs Broker vide CB Section's office email dated 20.02.2025. Further, the IO submitted that the said Shipping Bill was also forwarded to the Customs Broker vide email dated 07.03.2025.

10.6 The IO submitted that as per the offence report in form of Show Cause Notice No. 28/ADC/ADJ(X)/2023-24 ACC dated 01.08.2024, it is observed that summonses were issued to the CB; however, the CB failed to appear on both occasions.

10.7 The IO found that Show Cause Notice No. 51/2024-25 dated 29.10.2024 does not place material reliance upon the letter dated 08.03.2018 from the Consulate General of India. Instead, The IO submitted that the said SCN is primarily based on the offence report in the form of Show Cause Notice No. 28/ADC/ADJ(X)/2023-24 ACC dated 01.08.2024, issued vide F. No. CUS/DBK/SCN/96/2024-DBK(EDI) by the Additional Commissioner of Customs (Export), ACC, Mumbai. It is further observed that both the said SCN and the offence report, along with all Relied Upon Documents (RUDs) and relevant records, have already been forwarded to the registered email address of the CB.

10.8 The IO submitted that SCN No. 51/2024-25 has been issued on 29.10.2024. As per Regulation 17(1) of the Customs Broker Licensing Regulations (CBLR), 2018 (earlier Regulation 20 of CBLR, 2013), a Show Cause Notice is required to be issued within ninety days from the date of receipt of an offence report.

Regulation 17(1) of the CBLR, 2018:

"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."

The IO submitted that, in the present case, the offence report in the form of Show Cause Notice No. 28/ADC/ADJIX)/2023-24 ACC was issued on 01.08.2024. The subsequent SCN No. 51/2024-25 was issued on 29.10.2024, which is well within the prescribed period of ninety days from the date of receipt of the offence report.

Accordingly, the IO observed that SCN No. 51/2024-25 has been issued within the stipulated time frame under Regulation 17(1), of CBLR, 2018 and therefore is not barred by limitation.

10.9 The IO submitted that it is further evident from the Offence report that the Customs Broker, M/s. PRM Cargo Movers (11/1027), failed to produce the authorisation letter and KYC documents of the exporter despite repeated opportunities. The IO submitted that the CB did not advise the exporter on mandatory declarations under Circular No.16/2009-Customs and other statutory requirements, thereby facilitating fake purchase orders, invoices, and fraudulent drawback claims. The IO submitted that the CB also failed to guide repayment of wrongly claimed amounts, avoided appearance for statements, withheld shipping bills and other documents, obstructed investigation, and showed non-cooperation. Further, the IO submitted that the exporter's declared address was found fictitious, reinforcing the CB's negligence and raising strong presumption of complicity.

10.10 The IO submitted that from the records of the instant case, the submissions of the CB, and other relevant documents, it is observed that the Customs Broker has violated Regulations 11(a), 11(d), 11(e), 11(f), 11(g), 11(k),

and 11(n) of the CBLR, 2013 (corresponding to Regulations 10(a), 10(d), 10(e), 10(f), 10(g), 10(k) and 10(n) of the CBLR, 2018).

10.11 The IO submitted that Customs Brokers Licensing Regulations, 2018 (formerly CBLR, 2013] prescribes that the Inquiry Report shall be submitted within a period of ninety days from the date of issue of the notice. Further, the IO submitted that as per judgement dated 19.04.2018 of the Hon'ble Bombay High Court in Customs Appeal No. 17/2016, 68/2016, 88/2016, 04/2017, 49/2017, 53/2017, 54/2017, 06/2017, 06/2018, 26/2016 and 09/2016, in case of a delay, reasons for delay has to be recorded. In the instant case, the IO submitted that the undersigned was appointed as an inquiry officer on 29.05.2025 and intimated on 30.05.2025. The IO submitted that the CB was provided an opportunity for submission and appeared on 22.07.2025 and made an additional submission on 28.07.2025. After going through relevant evidences, documents and submissions, this Inquiry Report is being submitted within a reasonable timeframe.

11. From the aforesaid discussions as mentioned above, the IO finally concluded his findings as under: -

Sr. No	Charges against the CB	Findings
1.	Violations of Regulation 11(a) of CBLR, 2013 (now Regulation 10(a) of CBLR, 2018)	Proved
2.	Violations of Regulation 11(d) of CBLR, 2013 (now Regulation 10(d) of CBLR, 2018)	Proved
3.	Violations of Regulation 11(e) of CBLR, 2013 (now Regulation 10(e) of CBLR, 2018)	Proved
4.	Violations of Regulation 11(f) of CBLR, 2013 (now Regulation 10(f) of CBLR, 2018)	Proved
5.	Violations of Regulation 11(g) of CBLR, 2013 (now Regulation 10(g) of CBLR, 2018)	Proved
6.	Violations of Regulation 11(k) of CBLR, 2013 (now Regulation 10(k) of CBLR, 2018)	Proved
7.	Violations of Regulation 11(n) of CBLR, 2013 (now Regulation 10(n) of CBLR, 2018)	Proved

12. Under the provisions of Regulation 17(6) of CBLR, 2018, a copy of the inquiry report dated 28.08.2025 was shared with the charged CB. Following the

‘Principle of Natural Justice’, an opportunity of personal hearing on 06.11.2025 was granted to the CB, which was later rescheduled for 11.11.2025 due to administrative reasons.

RECORDS OF PERSONAL HEARING: -

13. On 11.11.2025, Sh. N. D. George, Advocate and Shri Prasanna K. Nair, Partner, attended the virtual hearing on behalf of the CB, M/s. PRM Cargo Movers (CB No. 11/1027). During the hearing, they requested a copy of the shipping bill, which is the base document for the subject case. They submitted that they were not provided with the same by the authorities. Their request was acceded to. It was further ensured to the CB that once the requisite documents were procured from the investigation agency, the same would be furnished to them, and an additional time period of five days would be granted to file their supplementary reply in this regard. The details of the impugned shipping bill were subsequently obtained and shared with the CB via email dated 12.11.2025. In response, the CB submitted their reply to this office on 18.11.2025 and also enclosed their letter dated 28.10.2025 for consideration.

WRITTEN SUBMISSIONS OF THE CB: -

14. The CB submitted that they had not filed any Shipping Bill with respect to the exports made by M/s. Paras Industries. Further, the CB submitted that they were neither summoned nor investigated. However, the CB submitted that it is alleged that they had filed one Shipping Bill. The CB submitted that they vide letter dated 28.07.2025 sought cross examination of the persons on whose behalf the Shipping Bill was filed and copy of Shipping bill. The CB submitted that the said request was denied by the inquiry authority. Further, the CB submitted that there is no implicative statement of the appellant or any of the co-noticee. Therefore, the CB submitted that the SCN had been issued without any basis and proper application of mind. Therefore, the CB submitted that the said inquiry is bad in law and illegal and merits to be withdrawn due to there being no documentary evidence in support of the allegations made against them.

15. Further, the CB submitted that the offence report (SCN) dated 01.08.2024 was issued on 29.10.2024 despite the investigation initiated by the officers of DRI way back on 14.08.2015. Further, the CB submitted that the show cause

notice is barred by limitation. In this Context the CB had relied upon the judgement of the Hon'ble High Court in the case of The Principal Commissioner of Customs (General) versus Mehul & Co reported in 2022 (5) TMI 30-Bombay High Court.

16. The CB submitted that the inquiry report alleged that the CB had violated Regulation, 10(a), (d), (e), (f), (g), (k) and (n) of CBLR, 2018 and in the findings, the inquiry officers had held that the CB had violated the Regulations under CBLR, 2018 as alleged. However, the CB submitted that it is pertinent to note that the none of the charges is maintainable as the CB has not filed any Shipping Bill and there is no evidence furnished by the inquiry officer which goes to show total non-application of mind by the inquiry officer.

17. Further, the CB submitted that the appellant vide letter dated 28.07.2025 sought cross examination which was not allowed. In this context the CB submitted that they rely on the judgement in the case of Shasta Freight Services Pvt Ltd versus Principal Commissioner of Customs, Hyderabad reported in 2019 (368) E.L.T. 41 (Telangana). The said judgment was upheld by the Hon'ble Supreme Court reported in 2022 (381) E.L.T. 436 (S.C.) That being so the SCN is not maintainable, bad in law and liable to be withdrawn.

18. Further, the CB submitted that the investigation by DRI with the Consulate General of India, Dubai, UAE cannot be relied upon as the department has not furnished a copy of the letter received from the Indian Consulate, Dubai.

19. The CB submitted that the statements of various persons were recorded under Section 108 of the Customs Act 1962, and the same is exculpatory in nature.

20. Further, the CB submitted that the inquiry officer is silent on the case laws cited with respect to limitation and cross examination. The CB submitted that they crave leave to be heard in person before the case is finally adjudicated and would like to cross examine the persons whose statements are relied upon in the SCN and the Custom officers who assessed the Shipping Bills in this regard. The CB submitted that they crave leave to file further reply after the cross examination and receipt of the relied-upon documents.

21. The CB submitted that, in the given circumstances, the SCN is unsustainable in law. Therefore, requested that the CB is liable to be discharged and the SCN be dropped.

DISCUSSIONS AND FINDINGS:-

22. I have gone through the facts & records of the case; the offence report received in the form of SCN No. 28/ADC/ADJ(X)/2023-24 dated 01.08.2024 issued by the Additional Commissioner of Customs, Export, ACC, Mumbai; the SCN no. 51/2024-25 dated 29.10.2024 issued under regulation 17(1) of CBLR, 2018; the inquiry report dated 28.08.2025 and the oral submissions submitted during personal hearing on 11.11.2025 and written submissions dated 28.10.2025 submitted to this office on 18.11.2025.

23. Having perused the offence report viz. the SCN No. 28/ADC/ADJ(X)/2023-24 dated 01.08.2024, it briefly stated that the investigation in the present case was initiated by DRI, MZU against an exporter, namely M/s. Lorgan Lifestyle Limited, Pune who was engaged in bogus exports through Mundra port by preparing manual shipping bills, on which real exports had not been affected. The investigation revealed that the exporter M/s. Lorgan Lifestyle Limited was procuring fake purchase bills against the export consignment from one Mr. Suhel Ansari. Also, it was revealed that Mr. Suhel Ansari was indulged in supplying bogus bills in the names of several companies floated by him. During the further course of investigation, it was found that Mr. Suhel Ansari was issuing fake invoices, to the exporters, in the name of Twenty Two firms, all of which were being floated by Mr. Suhel Ansari. Mr. Suhel Ansari was supplying the fake invoices to Fifty Nine export firms. M/s. Paras Industries (IEC-0888003668) is one out of these export firms apprehended by DRI, MZU, for indulging in bogus exports using fake invoices procured through Mr. Suhel Ansari. Hence, as per the specific information received from DRI, MZU, the SIIB, Export, ACC, Mumbai, initiated investigation with respect to all the exports made by the exporter M/s. Paras Industries, during the material time. SIIB, Export, ACC, Mumbai retrieved past export data of M/s. Paras Industries from ICES 1.5 and found that from the period 2011 to 2016, the exporter had filed total 187 shipping bills for which the total FOB value is 2274.34 lakhs and total Drawback claimed is Rs. 187 lakhs

out of which a drawback amount of Rs. 1,81,32,450/- had already been disbursed to the exporter, also the BRCs have not been realised fully in all 187 shipping bills filed by M/s. Paras Industries. Now, on further scrutiny of the 187 shipping bills, it was noticed that 01 shipping bill was filed by the charged CB in the present case i.e. M/s. PRM Cargo Movers (CB No. 11/1027) on behalf of the exporter M/s. Paras Industries. Accordingly, after completion of the investigation by SIIB, Export, ACC, Mumbai, the Custom Broker M/s. PRM Cargo Movers (CB No. 11/1027) was made the co-noticee in the Show Cause Notice No. 28/ADC/ADJ(X)/2023-24 dated 01.08.2024. The very same SCN dated 01.08.2024 was received in this office and considering that as an offence report, the action under CBLR, 2018 was initiated against the CB M/s. PRM Cargo Movers (CB No. 11/1027).

24. I find that as the provisions of Regulation 16 were not invoked in the present case in terms of Regulation 16 of CBLR, and the inquiry under Regulation 17 of CBLR, 2018 was initiated against the CB M/s. PRM Cargo Movers (CB No. 11/1027) with respect to the contravention of Regulation 11(a), 11(d), 11(e), 11(f), 11(g), 11(k) and 11(n) of CBLR, 2013 (now Regulation 10(a), 10(d), 10(e), 10(f), 10(g), 10(k) and 10(n) of CBLR, 2018). I find that the inquiry officer has held that the articles of charge with respect to violation of Regulation 11(a), 11(d), 11(e), 11(f), 11(g), 11(k) and 11(n) of CBLR, 2013 (now Regulation 10(a), 10(d), 10(e), 10(f), 10(g), 10(k) and 10(n) of CBLR, 2018) as '*Proved*'.

25. I find that the charges of violation of Regulation 11(a), 11(d), 11(e), 11(f), 11(g), 11(k) and 11(n) of CBLR, 2013 (now Regulation 10(a), 10(d), 10(e), 10(f), 10(g), 10(k) and 10(n) of CBLR, 2018) have been levelled against the CB on the grounds that 'the Custom Broker failed to produce authorisation letter and KYC documents of the said exporter; that as per the requirement of the Circular No.16/2009-Customs dated 25.5.2009 issued vide F.No.609/137/2007-DBK, the merchant exporters who purchase goods from traders were required to furnish a declaration in the prescribed format, at the time of export of such goods and it was the responsibility of the CB to advise his client about the requirements of such declaration, however, it appeared from the facts available on records that the CB failed to advise the exporter in advising for the said declaration; that such negligence by CB enabled the exporter to procure fake purchase orders and

invoices and consequently the exporter has defrauded the govt. by claiming illegitimate export benefit; that it is the moral duty of the Customs Broker to communicate his client to pay wrongly claimed drawback amount which were rewarded by the Govt. in lieu of such fraud export and as, a CB is very important person between Customs and exporter, such negligence indicates that the CB is also involved in this gross mis-doings of exporter and his allies; that neither CB nor his authorized employees had produced themselves for statement before the Customs authorities, which indicates that they failed to submit any relevant shipping bills or documents which were essential for detailed investigation; that during the investigation, it was also found that the Custom Broker M/s PRM Cargo Movers (11/1027) had failed to produce authorization letter of exporter, KYC documents, and other requisite documents related to packing, storage of the export consignments'.

26. I find that the inquiry officer, in this regard, has observed that it is evident from the Offence report that the Customs Broker, M/s. PRM Cargo Movers (11/1027) failed to produce the authorisation letter and KYC documents of the exporter despite repeated opportunities and the CB did not advise the exporter on mandatory declarations under Circular No. 16/2009-Customs and other statutory requirements, thereby facilitating fake purchase orders, invoices and fraudulent drawback claims. The Inquiry Officer has also found that the CB failed to guide repayment of wrongly claimed amounts, avoided appearance for statements, withheld shipping bills and other documents, obstructed the investigation and showed non-cooperation. The Inquiry Officer has also observed that the exporter's declared address was found fictitious, reinforcing the CB's negligence and raising a strong presumption of complicity. In view of the above findings, the Inquiry Officer has held all the charges of violations of Regulation 11(a), 11(d), 11(e), 11(f), 11(g), 11(k) and 11(n) of CBLR, 2013 (now Regulation 10(a), 10(d), 10(e), 10(f), 10(g), 10(k) and 10(n) of CBLR, 2018) as '*Proved*'.

27. Having perused the defence submission of the CB, I find that the CB has not submitted any defence for the allegation of violation of Regulations of CBLR, 2013 (now CBLR, 2018), and they had restricted their defence only to the argument that they had not filed any Shipping Bill with respect to the exports made by M/s. Paras Industries. However, I find that this issue was already dealt

with by the Inquiry Officer wherein the Inquiry Officer, while rejecting the same grounds of contention by the CB, had mentioned that the RUDs of the SCN dated 01.08.2025 was already forwarded to the CB vide CB Section's email dated 20.02.2025 and the said Shipping Bill was also forwarded to the CB vide email dated 07.03.2025. Hence, I find that the CB was already in possession of the details of the impugned shipping bill, as the same had already been provided to them by the inquiry officer. Also, on perusal of such details, as retrieved from ICES 1.5, I find that it is substantially evident that the impugned shipping bill was filed by the charged CB M/s. PRM Cargo Movers (CB No. 11/1027) on behalf of the exporter M/s. Paras Industries. Hence, I deny the contention of the CB as there is no merit in its contention that they had not filed the impugned Shipping Bill. Further, this argument of the CB indicates that they were working in gross negligence and violation of their obligations as prescribed under CBLR, 2018, while handling the impugned shipping bill. Also, such an argument of the CB is evidentiary of the fact that the impugned shipping bill has been filed by the CB on behalf of M/s. Paras Industries, without any authorisation as mandated under Regulation 11(a) of CBLR, 2013 (now Regulation 10(a) of CBLR, 2018) and without verifying the correctness of the KYC details and authenticity of the exporter as mandated under Regulation 11(n) of CBLR, 2013 (now Regulation 10(n) of CBLR, 2018). Hence, under my considered view, the conclusion of the inquiry officer, in holding the charges of violation of Regulation 11(a) and 11(n) of CBLR, 2013 (now Regulation 10(a) and 10(n) of CBLR, 2018) as proved, is sustainable and hence I uphold the same.

28. Having perused and having taken into cognizance of all the facts and circumstances of the case, I am of the firm opinion that the CB has contravened the provisions of Regulations 11(d), 11(e), 11(f), 11(g) and 11(k) of CBLR, 2013 (now Regulation 10(d), 10(e), 10(f), 10(g) and 10(k) of CBLR, 2018) inasmuch as they have not advised their client i.e. the exporter M/s. Paras Industries to comply with the requirement of Circular No. 16/2009-Customs dated 25.5.2009 issued vide F.No.609/137/ 2007-DBK. The CB cannot run from their obligations by denying the fact that the impugned shipping bill had not been filed by them and citing that none of the charges is maintainable as the CB has not filed any Shipping Bill and there is no evidence furnished by the inquiry officer. I noted that the CB had worked in a completely lackadaisical and

negligent manner and blindly relied only on the documents provided by the exporter and the CB themselves did not exercise due diligence with respect to the fact that whether the exporter is complying with all the rules, regulations and Notifications pertaining to the impugned exports. Also, with regard to provisions of Regulation 10(k) of CBLR, 2018 which prescribes that “*a CB shall maintain up to date records such as bill of entry, shipping bill, transhipment application, etc., all correspondence, other papers relating to his business as Customs Broker and accounts including financial transactions in an orderly and itemised manner as may be specified by the Principal Commissioner of Customs or Commissioner of Customs or the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be*” I find that the very fact that the CB was not even aware of filing of the impugned shipping bill by them on behalf of the exporter indicates that the CB was working in contravention of Regulation 10(k) of CBLR, 2018, and the CB cannot deny the matter of fact that as per ICES 1.5 the impugned shipping bill had been filed by them only. I find that, under the facts and circumstances of the case, the IO has done a meticulous exercise in appreciating the facts of the case and holding that the charges of contravention of Regulations 11(d), 11(e), 11(f), 11(g) and 11(k) of CBLR, 2013 (now Regulations 10(d), 10(e), 10(f), 10(g) and 10(k) of CBLR, 2018) as ‘Proved’ and I approve the same.

29. Further, I find that the Show Cause Notice No. 28/ADC/ADJ(X)/2023-24 ACC dated 01.08.2024 issued vide F. No. CUS/DBK/SCN/96/2024-DBK(EDI), by ADC, Export, ACC, Mumbai, has been adjudicated under the Customs Act, 1962 vide Order-in-Original No. ADC/SS/174/2024-25/Adj(X)/ACC dated 30.03.2025. I find that under para 47 of said OIO the Adjudicating Authority (AA), with regard to the role of the 20 CBs, including M/s. PRM Cargo Movers (CB No. 11/1027), has observed that:

“I find that 20 Customs Brokers have cleared the consignments of M/s. Paras Industries. M/s D.H. Clearing & Forwarding Agency (proprietorship) reconstituted to M/s D.H. Clearing & Forwarding (Pvt. Ltd.) vide notice number 124/2012 dated 21.03.2012. Therefore, total 19 Customs Brokers cleared the consignments of M/s Paras Industries. The details are mentioned in the Table of this order as above.

The CHA is an agent of exporter. He works on behalf of Exporter. He also takes authorisation to work on behalf of exporter. A CHA, fully aware that omission and commission by the exporter affects working of image of CHA. It is a business practice that CHA knows on whose behalf they are working, as CHA can face investigation for omission and commission at any time. As per CBLR Regulation, 2018, a CHA also requires to know the client. Even in the absence of such requirement it is business practice that the CHA knows on whose behalf they are working as the relation between CHA and exporter is long time relation.

Unlike retail business, where customer comes to retail shop and transaction concludes in a moment, the relationship between CHA and exporter is a long term relationship, so it is not possible that CHA does not know the exporter. The CHA had been dealing with such individuals to collect documents and collect goods. The CHA must have raised his fees from the same source. It is also not possible for CHA to deal with non-existing persons.

This is a case, where real culprit was very well existing and dealing with CHA. The identity of culprit was covered through fictitious exporters name and fictitious address. The exports were fictitious as Purchase Bills were fictitious. Actual movements of goods are always under cover of Challan and Invoices. There are some other requirements of local Government which prevent movement of goods without documentation. It is also unlikely that CHA has been receiving goods based on fictitious Bills and he was not aware. Further the CHA has responsibility to guide exporter and inform about the requirement that only in certain cases, Drawback can be claimed by the exporter. Had the CHA seen these documents relating to meeting the criteria to claim Drawback and checked the correctness of relevant declaration, such fraudulent export could not have possible. Therefore, under the fact and such circumstances, the CHA actively connived with exporters in claiming undue Drawback and over valuing the export goods and mis-declaring in Shipping Bills. While coming with exporter they did not care to follow the obligation imposed through Regulation and Act. Therefore, CHA has rendered themselves liable for Penal action under Section 114(i), 114(iii) and also under 114AA of Customs Act, 1962.”

30. Also, I find that vide the aforementioned OIO dated 30.03.2025, the AA has imposed penalty of Rs. 5,00,000/-, Rs. 8,00,000/- and Rs. 8,00,000/- under Sections 114(i), 114(iii) and 114AA of the Customs Act, 1962, respectively on the CB M/s. PRM Cargo Movers (CB No. 11/1027).

31. I also find that, as per the DRI MZU's intelligence Mr. Suhel Ansari was issuing fake invoices to the exporters, in the name of Twenty Two firms, all of which were being floated by Mr. Suhel Ansari. Mr. Suhel Ansari was supplying the fake invoices to various export firms including M/s. Paras Industries, the exporter in the present case. I find that, as per the offence report, the Exporter M/s. Paras Industries had filed 187 shipping bills during the years 2012 to 2016, out of which one shipping bill was filed through the CB M/s. PRM Cargo Movers (CB No. 11/1027).

32. At the time of the Personal Hearing, the advocate of the CB argued that they had not filed the impugned Shipping Bill and requested for a copy of the Shipping Bill. On perusal of the Inquiry Report, it is found that the Inquiry Officer, on 25.03.2025, had already provided a copy of the Shipping Bill to the CB. However, as per the request of the CB, the details of the Shipping Bill, as received from Air Cargo Complex, Mumbai, were shared with the CB, vide email dated 12.11.2025. Accordingly, the advocate for CB submitted their additional defence submission wherein the CB again argued that they have not received complete details of the shipping bills; however, I find from the details of the shipping bill received from the Air Cargo Complex that it is substantially evident that the said shipping bill was filed by the CB M/s. PRM Cargo Movers, on behalf of the exporter M/s. Paras Industries. The CB continues to assert that they have not received a copy of the shipping bill; however, this matter is not relevant once it is established that the shipping bill in question was indeed filed by the charged CB. Hence, the contention of the CB that they had not filed the impugned shipping bill is denied substantially.

33. I find that a Custom 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, it appeared that the CB M/s. PRM Cargo Movers (CB No. 11/1027) has violated

Regulations 11(a), 11(d), 11(e), 11(f), 11(g), 11(k), and 11(n) of the CBLR, 2013 (corresponding to Regulations 10(a), 10(d), 10(e), 10(f), 10(g), 10(k) and 10(n) of the CBLR, 2018). I find that for the violation of obligations provided under CBLR, 2018 (erstwhile CBLR, 2013) and for their act of omission and commission, the CB M/s. PRM Cargo Movers (CB No. 11/1027) has rendered itself liable for penal action under CBLR, 2013 (now 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."

34. As discussed above, I conclude that the CB is guilty of violations of Regulations 11(a), 11(d), 11(e), 11(f), 11(g), 11(k), and 11(n) of the CBLR, 2013 (corresponding to Regulations 10(a), 10(d), 10(e), 10(f), 10(g), 10(k) and 10(n) of the CBLR, 2018). Having perused the records of the case, I find that the DRI, while investigating the present case, made enquiries with the Consulate General of India, Dubai, UAE. The Consulate General vide letter dated 08.03.2018, after the scrutiny of the documents provided by Federal Customs Authority, Dubai, reported that it emerged that goods had been cleared and unit values had been much lower than what had been declared to Indian Customs. However, having perused the details of the shipping bill filed by the CB M/s. PRM Cargo Movers (CB No. 11/1027) for the exporter M/s. Paras Industries, as retrieved from ICES 1.5 system, the impugned Shipping Bill shows that the export in the present case was to Spain and not to UAE. Considering all the facts and circumstances of the case and taking into cognizance of the above-cited case laws and the precedents of the similar cases, I am of the view that revoking the CB license is too grave a penalty to be imposed for the above violations, as the punishment of revocation of license of CB, is much harsh and disproportionate to the offences committed. However, the ends of justice will be met by imposing a penalty on the CB under Regulation 22 of CBLR, 2013 (now Regulation 18 of CBLR, 2018) and forfeiture of the security deposit of the CB under Regulation 18 of CBLR, 2013 (now Regulation 14 of CBLR, 2018). In this regard, I place reliance on the following case laws:

a) **Delhi High Court has in 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 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 if 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 CHA 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. On the other hand, the Inquiry Officer, appointed under CBLR, 2013, has opined that there is no substantive case

to level charges violation of Regulation 11(a), (b), (n), (e) & (k) of the CBLR, 2013. The Inquiry Officer has in fact clearly stated that he has not found anything substantial that can merit proposing revoking the license of the appellant or imposing the penalty. The Inquiry Officer has categorically reported that at the most, appellant may be given a strict warning."

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

35. Further, with regard to the contention of the CB that the SCN dated 01.08.2024 is barred by limitation, as the investigation initiated by the officers of DRI was way back in 2015 and the subsequent Inquiry under CBLR, 2018 is also bad in law and illegal and merits to be withdrawn as there is no documentary evidence in support of the allegations made against the CB. I find that on receipt of the offence report in the present case i.e. the Show Cause Notice No. 28/ADC/ADJ(X)/2023-24 ACC dated 01.08.2024, the action under Regulation 17(1) of CBLR, 2018 has been taken within the prescribed time limit of ninety days as the notice under Regulation 17(1) of CBLR, 2018 had been issued on 29.10.2024. Further, I find that the inquiry officer submitted the inquiry report on 28.08.2025 which is beyond 07 months from the prescribed time limit of ninety days as per Regulation 17(5) of CBLR, 2018. However, I find that the first inquiry officer appointed in this case was retired on superannuation and could not complete the inquiry proceedings. Consequently, a new inquiry officer was appointed in this on 28.05.2025 and he submitted the inquiry report on 28.08.2025. The reasons for delay in completion of inquiry proceedings under Regulation 17(5) of CBLR, 2018 have already been recorded on file. Also, I find that the adjudicating authority, the then Pr. Commissioner of Customs (Gen) retired on superannuation in between and the new adjudicating authority took over and granted the personal hearing in the matter under Regulation 17(7) of CBLR, 2018. In addition, it is pertinent to mention here that during the personal hearing the advocate for the CB again requested for the copies of shipping bill and time for their additional reply, which further attributed to the delay in passing this adjudication order. Also, with regard the contention of the CB that

the action under Regulation 20 of CBLR, 2013 (now Regulation 17 of CBLR, 2018) is time barred, I observe that the timelines under CHALR/CBLR, are directory in nature and not mandatory. In this regard, I pace reliance on the following case laws:-

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 (Bom.), 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 thereafterwards, 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”.

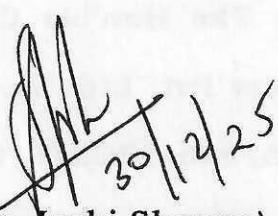
36. In view of the above-discussed facts and for their acts of omission and commission, the CB M/s. PRM Cargo Movers (CB No. 11/1027) is held liable and guilty for violating the provisions of CBLR, 2013 (now CBLR, 2018) as mentioned above. I hold that the CB has failed to discharge his duties cast upon him with respect to Regulations 11(a), 11(d), 11(e), 11(f), 11(g), 11(k), and 11(n) of the CBLR, 2013 (corresponding to Regulations 10(a), 10(d), 10(e), 10(f), 10(g), 10(k) and 10(n) of the CBLR, 2018) and is liable for penal action. Accordingly, I pass the following order:

ORDER

37. I, Commissioner of Customs (General), in exercise of the power conferred upon me under Regulation 20(7) of CBLR, 2013 (now Regulation 17(7) of the CBLR, 2018), pass the following order:

- (i) I, hereby impose penalty of Rs. 50,000/- (Rs. Fifty Thousand Rupees Only) on CB M/s. PRM Cargo Movers (CB No. 11/1027) under Regulation 22 of CBLR, 2013 (now Regulation 18(1) of the CBLR, 2018).
- (ii) I hereby order for forfeiture of security deposit furnished by the CB M/s. PRM Cargo Movers (CB No. 11/1027) under Regulation 18 of CBLR, 2013 (now Regulation 14 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 (G)
NCH, Mumbai-I

To,

M/s. PRM Cargo Movers (CB No. 11/1027),
143, Avior Corporate Park, Opposite Johnson & Johnson,
LBS Marg, Mulund West, Mumbai-400080

Copy to:

1. The Pr. Chief Commissioner/ Chief Commissioner of Customs, Mumbai I, II, III Zone.
2. All Pr. Commissioners/Commissioners of Customs, Mumbai I, II, III Zone.
3. SHB (X), ACC, Sahar, Mumbai.
4. EDI of NCH, ACC & JNCH
5. Cash Department, NCH, Mumbai.
6. Notice Board
7. Office Copy