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

संचिका सं /.F. No.- GEN/CB/597/2025–CBS आदेश दिनांक/Date of Order:15.09.2026

CAO No.40/2026-27/CAC/PCC(G)/AKP/Adj-CBS जारी दिनांक/Date of issue:18.09.2026

संख्या:

DIN:- 20260977NO0000DFF7BB

द्वारा जारी : अजय कुमार पाण्डेय	Issued By : Ajay Kumar Pandey
प्रधान आयुक्त, सीमाशुल्क (सामान्य)	Pr. 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। This copy is granted free of Charge for the private use of the person to whom it is issued.

2. इस आदेश के विरुद्ध अपील माँगे गए राशी के **7.5%** के भुगतान पर सीमाशुल्क अधिनियम, 1962 की धारा 129A(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 (कार्यविधि) नियमावली, १९८२, के प्रावधानों के अंतर्गत, यथोतखंडपीठ में स्वीकार्य है।
An appeal against this order lies with the Customs, Central Excise and Service Tax Appellate Tribunal in terms of section 129A(1B)(i) of the Customs Act, 1962, on payment of **7.5%** of the amount demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute. It shall be filed within three months from the date of communication of this order. The appeal lies with the appropriate bench of the Customs, Central Excise and Service Tax Appellate as per the applicable provisions of the Customs, Excise and Service Tax Appellate Tribunal (Procedure) Rules, 1982.

3. यह सूचित किया जाता है की इस आदेश के अमल में आते ही,न्याय निर्णयन अधिकारी का अधिकार क्षेत्र समाप्त होता है और सीमाशुल्क, केंद्रीय उत्पाद शुल्क एवं सेवाकर अपील अधिकरण, पश्चिम क्षेत्री यखंडपीठ, के M/s Knowledge Infrastructure Systems Pvt. Ltd. & Others vs ADG, DRI, Mumbai के संदर्भ में जारी आदेश क्रमांक A/86617-86619/2018 दिनांक के अनुसार न्यायिक आदेश तदोउ 31.05.2018 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 विरुद्द 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 (अपीलस) नियमावली, १९८२ के नियम के तहत निर्धारित है एवं उसी नियमावली के नियम 3 के उपनियम 2 में उल्लेखित व्यक्ति 6 द्वारा हस्ताक्षरित एवं सत्यािपित 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-/पाँच लाख या इस से कम होतो रु. 1000 ., (ii)यदि यह राशि रु पाँच लाख से अधिक .) हो किंतु पचास लाख से अधिक न होतो रु. 5000/- एवंiii) यदि यह राशि रु पचास लाख से अधिक होतो . रु. 10000/- के शुल्क 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, की अनुसूची मद 6 के तहत निर्धारित रु. 50 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. PAR Logistic LLP (PAN - AASFP3536E) having registered address at Office 67, 4th Floor, Plot-56, Ashok Chambers, Devji Ratansi Marg, Masjid Bunder (East), Mumbai - 400009 (hereinafter referred to as the Customs Broker/CB), is the holder of Customs Broker License No. 11/733, 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. An Offence Report dated 16.10.2025 issued by the Joint Commissioner of Customs, Indore vide F.No. CUS/SIIB/INT/735/2023-SIIB-O/o-COMMR-CUS-INDORE was received in the Customs Broker Section, NCH, Zone-I, Mumbai on 29.10.2025. The Offence Report inter alia conveyed the following:

2.1 Intelligence was developed by SIIB, Customs, Indore that M/s Singh Exports (IEC - CNLPS1119J; Proprietor: Ritesh Kumar Singh) was a dummy firm created by one Shri Utkarsh Bhave & others with the sole intention to divert Polypropylene (PP) granules imported under Advance Authorization Scheme without payment of customs duty in violation of the conditions of Advance Authorization License read with Notification No.18/2015-Cus dated 01.04.2015. A search operation was conducted on 29.11.2023 at the declared premises of M/s Singh Exports i.e. 130, Opp New Life Hospital, Sanwer Road Main Road, Indore and it was found that neither any factory premise nor any office premise was present at the address declared by M/s. Singh Exports.

2.2 Further investigation revealed that M/s. Singh Exports had imported a total of 555.5 Metric Tons of PP granules under 02 Advance Authorization Licenses. The imported Polypropylene (PP) granules falling under chapter subheading 39021000 of the Customs Tariff Act, 1975, attract Basic Customs duty @7.5%, SWS @10% and IGST @18%. Further, M/s. Singh Exports had been issued 02 Advance Authorizations for duty free imports of inputs (raw material) in terms of Notification no. 96/2009-Cus dated 11.09.2009 read with Notification No.18/2015-Cus dated 01.04.2015 issued by the Government of India, Ministry of Finance (hereinafter referred to as the 'said notification') and Chapter 4 of Foreign Trade Policy 2009-2014 and 2015-2020. The said notifications exempt materials imported into India against an Advance Authorization issued in terms of Para 4.1.3 of the Foreign Trade Policy 2009-2014 and Para 4.03 & 4.16 of the Foreign Trade Policy 2015-2020 from the whole of the duty of Customs to be levied thereon, as specified in the first schedule of the Customs Tariff Act, 1975 and from the whole of the Additional duty, safeguard duty and transitional product specific safeguard duty and anti-dumping duty to be levied thereon.

2.3 In view of the above, the total duty evasion was calculated at Rs. 1,67,78,659/- (Rupees One Crore Sixty-Seven Lakh Seventy-Eight Thousand Six Hundred Fifty-Nine only) recoverable from M/s. Singh Exports under the provisions of the Customs Act, 1962.

2.4 Shri Ritesh Kumar Singh (IEC holder & Proprietor of M/s. Singh Exports) in his statement recorded on 12.12.2023 inter alia stated that he was a resident of Jharkhand and employed in Jhansi, with no involvement in the firm's operations. He explained that Shri Sameer Chaturvedi introduced him to Shri Utkarsh Bhave, who offered him a salaried job, took his documents, opened and operated a bank account in his name, and managed all activities of M/s Singh Exports along with Shri Vikas Jain. He admitted having no knowledge of imports, exports, or the Advance Authorization Scheme and raised no objection to encashment of bank guarantees. He also submitted a letter requesting recovery of the forgone customs duty through encashment of two bank guarantees of Rs. 13,75,000/- and Rs. 19,22,500/-, totaling Rs. 32,97,500/-, which was subsequently recovered.

2.5 In view of the above, it appeared that Shri Utkarsh Bhave had used the credentials of Shri Ritesh Kumar Singh by luring him with monetary consideration. Subsequently, Shri Utkarsh Bhave, in connivance with Shri Vikas Jain and Shri Anshul Agrawal, hatched a conspiracy to import duty-free goods in the name of M/s Singh Exports, which were later wrongly diverted to the Domestic Tariff Area (DTA). Thus, it appeared that Shri Utkarsh Bhave was the mastermind in the creation of the firm and importing the goods, while Shri Vikas Jain and Shri Anshul Agrawal provided funds and other support.

2.6 Shri Paresh Keshavji Dharani, partner in the CB firm M/s PAR Logistic LLP in his statement recorded on 07.07.2025 inter alia stated that his firm M/s PAR Logistic LLP handled two shipments for M/s Singh Exports in April 2023 (One shipment was cleared under Ex-Bond Bill of Entry for plastic granules on a transfer of ownership basis and the other under High Sea Sale). He confirmed that delivery instructions were given telephonically by Shri Ritesh Singh, with transportation arranged by the importer and no written communication (letter/email) was received regarding the same. He obtained KYC documents of M/s Singh Exports by Courier after a telephonic conversation with Shri Ritesh Singh and that Shri Ritesh Singh had informed him that he would visit in person, but no such meeting took place and his interactions were limited to telephonic conversations only. He stated that since only two Bills of Entry were processed and no further work followed, he did not get an opportunity to meet him. He submitted that he had no knowledge about the departmental findings that M/s Singh Exports is a fake/fictitious firm.

2.7 From the statement of Shri Paresh Keshavji Dharani, it was clear that the CB M/s. PAR Logistic LLP facilitated the clearance of two consignments for M/s Singh Exports in

April 2023, one under Ex-Bond Bill of Entry and one via High Sea Sale. Delivery instructions and vehicle details were provided telephonically by Shri Ritesh Singh, with no written communication or transporter details retained. KYC documents were received via courier, but the CB never met the importer personally nor verified the declared premises. Transportation and documentation, such as e-Way Bills and Lorry Receipts, were arranged directly by the importer. The aforesaid facts established that the CB failed to discharge their obligations under Regulation 10(n) of the CBLR, 2018, which mandates that the CB shall 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. By failing to verify the identity of his client and the functioning of his client at the declared address, the CB not only acted in contravention of statutory obligations but also compromised the integrity of the customs clearance process.

3. Role of Customs Broker:

Regulation 10(n) of the CBLR, 2018:

> *"A Customs Broker shall 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."*

Statement of Shri Paresh Keshavji Dharani revealed that the CB had never verified the identity and functioning of the importer M/s Singh Exports at their declared address before facilitating clearance of two consignments for the importer in April 2023. His interactions were limited to telephonic conversations only. This lapse on the part of the CB M/s. PAR Logistic LLP facilitated the clearance of duty-free imports under the Advance Authorization Scheme for a non-existent firm, thereby enabling the fraudulent diversion of PP granules. This represented a clear deviation from the responsibilities outlined in Regulation 10(n) of the CBLR, 2018. Accordingly, it appeared that the CB had contravened the provisions of Regulation 10(n) of CBLR, 2018 by not ensuring compliance with the relevant statutory requirements.

4. In view of the offence report dated 16.10.2025 received from the Joint Commissioner of Customs, Indore vide F.No. CUS/SIIB/INT/735/2023-SIIB-O/o-COMMR-CUS-INDORE, action under the CBLR, 2018 was initiated against the CB M/s. PAR Logistic LLP. Further, in view of 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, action under Regulation 17 of CBLR, 2018 was initiated against the CB and accordingly, a Show Cause Notice (SCN) No. 43/2025-26 dated 27.01.2026 was issued to the CB M/s. PAR Logistic LLP (CB Licence No.

11/733) under the provisions of Regulation 17(1) of the CBLR, 2018 wherein, the CB was charged with violation of Regulation 10(n) of the CBLR, 2018 and was called upon to show cause, as to why:

a. The Customs Broker License bearing no. 11/733 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.

4.1 Shri Ajit Roy Togare, Deputy Commissioner of Customs was appointed as Inquiry Officer (IO) to conduct the inquiry proceedings against the CB M/s. PAR Logistic LLP (CB Licence No. 11/733) under Regulation 17 of the CBLR, 2018. The IO vide letter dated 17.03.2026 informed that he was dealing with highly time sensitive matters in his regular charge and further appointed as an Expenditure Observer by the Election Commission of India for the General Elections to the Legislative Assembly of West Bengal, 2026, wherein he had been assigned responsibility for two constituencies to perform duties as an Expenditure Observer. Attributing to the aforesaid reasons, the IO requested to be excused from conducting the inquiry in the subject matter. Accordingly, vide letter dated 30.03.2026, Ms. Sophia Oommen was appointed as the Inquiry Officer to complete the inquiry proceedings in the matter.

<u>INQUIRY REPORT</u>: -

5. The Inquiry Officer (hereinafter referred to as the ‘IO’) concluded the inquiry proceedings and submitted the Inquiry Report dated 16.06.2026 on 17.06.2026, wherein, the charge levelled against the CB vide Show Cause Notice No. 43/2025-26 dated 27.01.2026 was held as proved.

<u>FINDINGS OF THE INQUIRY OFFICER</u>: -

The IO submitted as below –

6. I have gone through all the records of the instant case and the submissions of the Noticee. I find that in terms of Regulation 10(n) of CBLR 2018 the Noticee was required to verify (i) the correctness of Importer Exporter Code (IEC) number, Goods and Services Tax Identification Number (GSTIN), (ii) the identity of his client and (iii) the functioning of his client at the declared address by using reliable, independent, authentic documents, data or information. I find that the authenticity of Importer Exporter Code (IEC) and the Goods and Services Tax Identification Number (GSTIN) is not disputed.

6.1 As regards the verification of the identity of the Client, the Noticee has stated that they had tallied the name of the firm and the proprietor and other details in the KYC documents, which had been sent by courier to their office by the Client at that time, and they had found that the identity was confirmed. However, I find that Shri Paresh Keshavji Dharani, partner in M/s PAR Logistic LLP in his statement recorded on 07.07.2025 has categorically stated that he had not met Shri Ritesh Singh in person; that he had only had telephonic conversation with Shri Ritesh Singh; that he cannot confirm with certainty that the person he spoke to was actually Shri Ritesh Singh or someone impersonating him. Further, I find that there is nothing on record to show that alternative identity verification protocols such as camera-based check, mobile-Aadhaar OTP verification, video conferencing, or biometric authentication, were undertaken. I hold that the identity of a client cannot be verified merely by tallying the name and details on photocopies of documents furnished by an unknown or unverified source. KYC requires corroboration through official databases, in-person verification, or other reliable independent means as mentioned above. Therefore, I hold that identity verification in this case remains unsubstantiated.

6.2 I find that the Noticee was also required to verify the functioning of his client at the declared address by using reliable, independent, authentic documents, data or information. The Noticee has claimed that they had verified the correctness of the client's IEC from the DGFT website, that the authenticity of the GST registration was verified also from ICEGATE, that they had also confirmed with JNCH that the Advance Authorization was registered with customs. I find that there is nothing on record to show that CB had called for any other document as prescribed in Circular No. 09/2010 (issued by CBEC vide F No.502/5/2008-Cus.VI) to verify the functioning of the client at the declared address. As per Circular No. 09/2010 dated 8th April 2010 (KYC) norms for identification of clients by CHAs in case of a company the following features are required to be verified by way of the following documents (any two)

Features to be verified	**Documents to be obtained**
(i) Name of the company (ii) Principal place of business (iii) Mailing address of the company (iv) Telephone, fax number, email address	(i) Certificate of incorporation (ii) Memorandum of Association (iii) Articles of Association (iv) Power of attorney granted to its managers, officers or employees to transact business on its behalf (v) Copy of PAN allotment letter (vi) Copy of telephone bill

6.3 However, it is observed from the documents submitted that in this case the Noticee has failed to collect the mandated documents. Thereby the Noticee failed to do the due diligence to verify the functioning of his client at the declared address by using reliable, independent, authentic documents, data or information amounts to violation of Regulation 10(n) of CBLR 2018.

7. Shri Sanjay Singhal, Consultant of the Noticee has contended that as per regulation 10(n) physical verification of the declared address of the exporter/importer is not required. In this regard, it is to be noted that the charge against the CB is not that he failed to physically verify the declared address of his client, but that, he had failed to verify the functioning of the client at the declared address using reliable, independent and authentic documents, data or information. He ought to have obtained additional contemporary documents as mandated vide Circular No. 09/2010 to verify that the importer was actually functioning at the declared address. Shri Sanjay Singhal, Consultant of the Noticee has cited case-laws mentioned (supra) wherein it has been held by the Hon'ble Tribunal as follows:

7.1 *Sri Manjunatha Cargo Pvt Ltd Vs CC, Bangalore [2020 (6) TMI 185], Silver Line Global Freight P Ltd Vs CC, New Delhi [2025 (12) TMI 568] & Falcon Air Cargo & Travels P Ltd Vs CC, New Delhi - [2026 (4) TMI 445]:* The view held in these cases is that 'There is no requirement of Physical Verification of premises'. In this regard, I find that the cited cases do not apply squarely in the subject case since there is no allegation against the Noticee in the subject SCN that Physical Verification of premises was not done by them.

7.2 *Primus Logistics P ltd Vs CC, New Delhi [2025 (12) TMI 901] & Falcon Air Cargo & Travels P Ltd Vs CC, New Delhi - [2026 (4) TMI 445]*: It has interalia been held in this case that 'If benami IEC or GSTIN were issued to entities which did not exist at all at their stated places of business, the officers who issued such benami documents can alone be responsible and NOT the Customs broker who trusted the documents issued by the officers.' Accordingly, I find that the Customs Broker in this case also cannot be made responsible for the issuance of a 'benami' IEC or GSTIN by the competent authority. However, I hold that this does not absolve the Noticee of the obligation to conduct verification as mandated under Regulation 10(n) of CBLR, 2018. In the present case, the Noticee failed to obtain the documents prescribed vide CBEC Circular No. 9/2010-Cus dated 08.04.2010, and thereby failed to discharge the duty of verification cast upon him.

7.3 *Exim Cargo Services Vs CC, New Delhi - [2026 (1) TMI 959]*: It has been interalia held in the cited case that ‘It is not the case of the department that the requisite KYC documents were not provided as the only allegation is that they were provided by a third person and not directly by the importer’. The allegation is the cited case different from that against the Noticee in this case. In the subject case, the case is that the Noticee had not fulfilled their obligation under Regulation 10(n) of CBLR, 2018 and this failure is evident from the fact that the requisite KYC documents were not obtained by the Noticee.

7.4 *ATR Logistics India P Ltd Vs CC, New Delhi - [2025 (11) TMI 1222]*: It has been interalia held in this case that 'The obligations under Regulation 10(n) of CBLR cannot be read to mean the latter as it would amount to treating the Customs Broker as one who can and is responsible to oversee and ensure the correctness of the actions by the Government officers'. 'The responsibility of the Customs Broker under Regulation 10(n) does not include keeping a continuous surveillance on the client to ensure that he continues to operate from that address and has not changed his operations'. While, Customs Broker is definitely not responsible to oversee and ensure the correctness of the actions by the Government officers or to keep continuous surveillance on the client, I find that Regulation 10(n) read with Circular No. 9/2010-Cus casts an independent obligation on the CB to verify identity and functioning at the declared address before transacting.

7.5 *Aggressive Shipping & Logistics P Ltd Vs CC, Mumbai* - *[2026 (1) TMI 666]*: I find that the notice has relied upon this case stating that it is an identical case. I find that the case cited by the Noticee themselves explicitly speaks about the instructions for implementing the KYC norms for verification of identity, existence of the importer/exporter. 'We find that CBIC had issued instructions in implementing the KYC norms for verification of identity, existence of the importer/exporter by Customs Broker in Circular No. 9/2010-Customs dated 08.04.2010, and verification of any two documents among specified documents is sufficient for fulfilling the obligation prescribed under Regulation 11(n) of CBLR, 2018'. I find that the Noticee has failed to follow these very instructions.

7.6 *Falcon Air Cargo & Travels P Ltd Vs CC, New Delhi* - *[2026 (5) TMI 1108]*: In this cited case, the Tribunal held that the existence of a valid GST registration on the relevant date defeated the Commissioner's conclusion that the Customs Broker should have acted upon the fact of an earlier cancellation followed by fresh registration. I find that the cited case is distinguishable on facts and do not apply squarely to the subject case.

8. In view of the discussion in the foregoing paras, I hold that mere collection of documents which do not include any of KYC documents as specifically mandated in GOI Circular No. 9/2010-Customs dated 08.04.2010 does not satisfy the rigour of 10(n). The obligation under Regulation 10(n) is mandatory and not an empty formality. A Customs Broker is required to exercise due diligence before undertaking transactions on behalf of a client, more so in cases involving high risk/high value transactions where the potential for revenue fraud is significant. The Noticee's failure to do the due diligence to verify the identity of the Client and their functioning at the declared address by using reliable, independent, authentic documents, data or information as mandated in Circular No. 9/2010-Customs dated 08.04.2010, amounts to violation of Regulation 10(n) of CBLR 2018. However, I find that there is nothing on record to indicate that the violation was wilful or intentional.

<u>RECORDS OF PERSONAL HEARING</u>: -

9. The Inquiry Report dated 16.06.2026 was accepted by the Principal Commissioner of Customs (General), Mumbai – I and a Personal Hearing (PH) in the matter was scheduled on 06.08.2026. The CB failed to appear for the PH on 06.08.2026 and hence, upholding the principle of natural justice another PH opportunity was granted to the CB on 14.08.2026. Shri Paresh Dharani, Partner in M/s. PAR Logistic LLP (CB License No. 11/733) appeared for the hearing on behalf of the CB. He submitted a written reply dated 14.08.2026 and reiterated the facts of the same. He further stated that they did not require any further PH and the case may be decided on the basis of written submission made by them. Accordingly, the oral and written submissions of the CB were taken on record.

<u>WRITTEN SUBMISSION OF THE CB</u>: -

The CB submitted as below –

10. The learned Inquiry Officer has completely overlooked the fact that the importer is not a Company but a proprietary firm. Hence the requirement of KYC documents specified in the CBIC Circular No. 09/2010 dated 08.04.2010 would not apply to the facts of the matter at all. A proprietary firm does not have Articles of association/Memorandum of Association/Certificate of Incorporation etc. Therefore, there is a fatal flaw in her findings. Hence her finding that there has been violation of Regulation 10(n) cannot be sustained.

10.1 Her finding that the person on the other side of a phone line has to be verified or it may be impersonation is simply too far-fetched and it is impossible for an impersonator to assume that all the calls coming to the number are from the CB to verify him. Therefore, her finding as to this aspect merits rejection. Her finding that alternate Identity verifications protocols ought to be followed, which she has generously provided is something that the CBIC needs to accept and implement by way of circular. As of date, there is no such protocol laid down for [Aadhaar Redacted] based OTP verification or biometric check etc. It is simply impossible for a CB sitting in Mumbai to verify the Biometric check of a client, say, in Orissa. The idea is revolutionary but not mandated by any CBIC Circular. Besides, it may be noted that the when the said CBIC Circular was issued, there was no stipulation for verifying GSTIN. The CBIC Circular is dt. 8-4-2010, when there was no GST law in force. It is submitted that considering the fact that verification of GSTIN has been provided in the Regulation 10(n) itself, the Inquiry Officer grossly erred in overlooking the same while recording adverse findings against the Noticee. The CBLR 2018 has specifically included verification of GSTIN Certificate in the Regulation 10 (n) of CBLR 2018, which was undertaken by the Noticee CB by causing verification from the Government website.

The very fact that the GSTIN was issued authentically, it itself was an indication that the Importer operated from the said premises.

10.2 Further, the legal position in regard to verification to be caused by the Customs Broker in the course of his business under Regulation 10(n) of the CBLR, 2018 is well settled. The Tribunal orders relied upon by the Noticee in the course of the proceedings warrant that the IEC/GSTIN certificate would be credible evidence to prove existence of the person operating from the place. The Noticee CB had caused verification of the same from Government sites. The IO report itself concedes this position. We are enclosing herewith the copies of the PAN Card, IEC certificate and GST certificate of the Importer for kind perusal of the Disciplinary authority. It may be mentioned that even the payment for the services rendered has been received from the bank account of the IEC holder. As regards the issue of physical verification of the place of work of the Importer by the CB, the issue is no more res integra. It is well settled that the CB is not expected to physically verify his work place for each and every Bill of Entry/Shipping Bill. Once the verification has been done initially from the Government site, the same suffices.

10.3 Hon'ble Tribunal in the case of *Primus Logistics P Ltd Vs CC, New Delhi [2025 (12) TMI 901]* held that once the appellant had verified the existence of the appellant through KYC documents and had also verified the genuineness of the documents online. Undisputedly, the IEC was issued by the DGFT and the GSTIN was issued by GST authorities with the address indicated in the documents. The Customs broker cannot sit in judgment over the decision of the officers who issued the documents and verify if the documents were correctly issued by the officers. Hon'ble Tribunal in the case of *ATR Logistics India P Ltd Vs CC, New Delhi [2025 (11) TMI 1222]* held that the responsibility of the Customs Broker under Regulation 10(n) does not include keeping a continuous surveillance on the client to ensure that he continues to operate from that address and has not changed his operations. An identical case, as this, has been decided by the Tribunal in the case of *Aggressive Shipping & Logistics P Ltd Vs Pr. CC (G), Mumbai [2026 (1) TMI 666]* wherein the goods imported under advance licence scheme were diverted and the Hon'ble Tribunal set aside the revocation, imposition of penalty etc on the CB. Recently, Hon'ble Tribunal in the case of *Falcon Air Cargo & Travel P ltd Vs CC (Airport & General), New Delhi [2026 (5) TMI 1108]* held that when the GSTIN and IEC were valid at time of import clearance, then no liability can be affixed on the Custom Broker under Regulation 10(n) of the CBLR 2018. Hon’ble Tribunal vide Final Order No. 50561/2022 dated 04.07.2022 in the case of *M/s. Mauli Worldwide Logistics vs. CC (Airport & General), New Delhi* held that the Customs Broker is not Omniscient and Omnipotent. The responsibility of the Customs Broker under Regulation 10(n) does not extend to ensuring that all the documents issued by various officers of various departments are issued correctly. The Customs Broker is not an overseeing authority to ensure that all these documents were correctly issued by various authorities. If they were wrongly issued, the fault lies at the doorstep of the officer and not the Customs Broker.

10.4 Without prejudice to above, it is submitted that the Advance Authorisations in question were debited by the proper officer of Customs while completing the assessments. Considering that the fraud has come to light subsequent to the clearance of goods based on certain intelligence gathered by the Investigating agencies, implicating the Custom Broker in the absence of any knowledge of fraud by the Importer, would not meet the ends of justice. It is a matter of record that the Noticee Customs Broker had no knowledge of fraud, a fact conceded by the IO in her report.

10.5 In view of the above submissions as above, it is prayed that the findings made in the Inquiry officer's report cannot be legally sustained and as such, the proceedings initiated under the impugned Show Cause Notice No. 43/2025-26 dated 27.01.2026 may be dropped. For this act of kindness, we shall remain grateful.

DISCUSSIONS AND FINDINGS: -

11. I have gone through the facts and records of the case; the Offence Report dated 16.10.2025 issued by the Joint Commissioner of Customs, Indore vide F.No. CUS/SIIB/INT/735/2023-SIIB-O/o-COMMR-CUS-INDORE; Show Cause Notice No. 43/2025-26 dated 27.01.2026 issued under Regulation 17(1) of CBLR, 2018; Inquiry Report dated 16.06.2026; PH records dated 14.08.2026 and the CB’s written submission dated 14.08.2026.

11.1 Briefly stating, based on specific intelligence developed by SIIB, Indore Customs, an investigation was conducted which revealed that M/s Singh Exports (IEC - CNLPS1119J, declared proprietor - Shri Ritesh Kumar Singh) was a fictitious, non-existent entity created solely to fraudulently import duty-free Polypropylene (PP) granules under the Advance Authorization Scheme and divert it into the Domestic Tariff Area (DTA) in violation of the import conditions. Searches conducted at the declared premises of the importer on 29.11.2023 established that no office or factory existed at the location. Statements recorded under Section 108 of the Customs Act, 1962 revealed that Shri Ritesh Kumar Singh was merely a dummy name-lender working as a store manager in Jhansi, while the actual mastermind operating the firm was one Shri Utkarsh Bhave (Partner of M/s KRM Plastics LLP), actively assisted and financed by Shri Vikas Jain and Shri Anshul Agrawal. In total, 555.5 metric tons of PP granules were imported across various ports, resulting in customs duty evasion of Rs. 1,67,78,659/-. The CB, M/s PAR Logistic LLP (CB License No. 11/733), handled two consignments for M/s Singh Exports in April 2023 (one Ex-Bond and one High Sea Sale). Investigation revealed that the partner in CB, Shri Paresh Keshavji Dharani, received KYC documents via courier and coordinated delivery instructions telephonically without ever meeting the client in person, verifying the declared premises, or retaining written instructions and transporter details. Consequently, a Show Cause Notice dated 27.01.2026 under Regulation 17 of the CBLR, 2018 was issued to the CB M/s. PAR Logistic LLP (CB Licence No. 11/733) charging them for contravention of Regulation 10(n) of the CBLR, 2018.

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

a) I have meticulously gone through the facts and evidences on record as well as the CB's contentions. While the Inquiry Officer has held the charge under Regulation 10(n) as proved, the CB has contended that the Inquiry Officer erred in applying the KYC documentation requirements meant for a company under CBIC Circular No. 09/2010-Customs to a proprietary firm, and by prescribing unmandated identity protocols such as biometric checks or camera-based verifications. The CB has further argued that since the IEC and GSTIN were verified online from official portals, payments were received through banking channels, and physical verification of premises is neither practical nor legally mandated, the obligation under Regulation 10(n) stood fully discharged.

b) I find that the Inquiry Officer's reference/ suggestion of biometric checks or video-KYC protocols are extraneous, as they have not been specifically notified under the extant regulations. However, the core conclusion of the Inquiry Officer that the charge under Regulation 10(n) stands proved is legally sound and fully established by the records of the investigation carried out by SIIB, Indore Customs. I observe that Regulation 10(n) mandates that a Customs Broker shall verify correctness of the 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. I find the CB has argued that because the IEC and GSTIN were genuine, validly issued by Government departments, and verified online, their statutory obligation was completed. They further claim that Regulation 10(n) does not explicitly mandate a physical visit to the client's premises and that online validation of statutory documents is sufficient. This line of reasoning completely ignores the plain language and essence of Regulation 10(n). Regulation 10(n) of the CBLR, 2018 should be given a comprehensive interpretation by giving special attention on the word 'and' which is employed between the words 'client and functioning'. The regulation not only simply prescribes that the CB has to collect documents viz, IEC/GSTIN/PAN/etc. for verification of his client, rather, it casts a bigger responsibility upon the CB for verification of ‘functioning of his client at the declared address’ using reliable, independent, and authentic means. The CB's argument that obtaining statutory registrations automatically proves functioning in not tenable and would render the explicit obligation to verify the client's identity and actual functioning redundant.

c) I observe that the records of the investigation reveal a complete failure on the part of the CB in upholding the mandate under Regulation 10(n). I find that Shri Paresh Keshavji Dharani, partner of the CB firm, in his statement recorded under Section 108 of the Customs Act, 1962, on 07.07.2025, admitted that they handled two import consignments in April 2023 for M/s Singh Exports without ever meeting the client in person. Photocopies of documents were received via courier from an unverified source; delivery and dispatch instructions for the goods imported under the Advance Authorization Scheme were received merely over telephonic calls; and no written instructions, transporter details, or records demonstrating commercial activity at the declared address were retained. Shri Dharani in his statement admitted that he could not confirm with certainty whether the individual speaking on the telephone was Shri Ritesh Kumar Singh or an impersonator. The investigation established that the importer M/s Singh Exports was a dummy entity floated by Shri Utkarsh Bhave and others who used the credentials of Shri Ritesh Kumar Singh – a third party with no knowledge of import-export trade. I also observe that the search operations conducted at the importer’s declared address confirmed that no office or factory existed at the premises. I have gone through the caselaws relied upon by the CB. In this regard, I observe that while judicial rulings such as *Primus Logistics P Ltd Vs CC, New Delhi; ATR Logistics India P Ltd Vs CC, New Delhi*; *Aggressive Shipping & Logistics P Ltd Vs Pr. CC (G), Mumbai* and *Falcon Air Cargo & Travel P ltd Vs CC (Airport & General), New Delhi* affirm that a Customs Broker is not required to maintain continuous surveillance, conduct mandatory physical site inspections, or oversee Government officers who issued registrations, those precedents presuppose that the CB had engaged with a bonafide client and exercised necessary due diligence. I do not find the judgements applicable in the subject case as the facts and circumstances are not identical. In the present case, the CB displayed negligence as they failed to take any step to ascertain whether M/s. Singh Exports had an operating office or manufacturing facility at the declared address. The KYC papers were simply received through courier and clearance instructions received over telephonic calls. If the CB had applied even elementary diligence to verify the "functioning at the declared address," they would have instantly discovered that no office or factory of M/s Singh Exports ever existed at 130, Sanwer Road, Indore. The search conducted by the investigating agency (SIIB, Indore Customs) under

Panchnama proved that the importer M/s. Singh Exports did not operate from the declared premises. Shri Paresh Dharani's admission and the investigation records establish that the CB did not conduct verification of the importer's functioning at the declared premises as envisaged under Regulation 10(n).

d) I observe that the obligation to verify the functioning of the client as mandated under Regulation 10(n) rests solely upon the licensed CB. Had the CB deployed basic, reliable, or independent means to verify the operational reality of the importer they would have discovered that the importer was a fictitious, fraudulent entity involved in the illicit diversion of goods imported under the Advance Authorization Scheme. The contention that the CB had no prior knowledge of the fraud in no reason to exonerate them completely, as Regulation 10(n) imposes a strict statutory duty of independent verification, the absence of which enabled the clearance and subsequent diversion of goods causing a significant loss of revenue to the exchequer. I find that the Inquiry Officer's findings hold water under the facts and circumstances of the case. Consequently, I am inclined to observe that the CB has violated Regulation 10(n) of the CBLR, 2018.

13. 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 omissions and commissions, the CB M/s. PAR Logistic LLP (CB License No. 11/733) has violated Regulation 10(n) of the CBLR, 2018. I find that for the violation of obligations provided under the CBLR, 2018 and for their acts of omissions and commissions, the CB M/s. PAR Logistic LLP have rendered themselves liable for penal action under the CBLR, 2018. Hence, while deciding the matter, I rely on the following caselaws:

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 advice 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."

14. As discussed above, I conclude that the CB M/s. PAR Logistic LLP (CB License No. 11/733) is guilty of violating Regulation 10(n) of the CBLR, 2018. In view of the detailed discussion and analysis above, it is established that the CB has failed to discharge the professional and statutory obligations mandated under the CBLR, 2018. I find that the CB acted in a callous manner by taking up the customs clearance work for M/s. Singh Exports on the basis of documents received through courier mode without rigorously verifying the credentials of a new client. The CB failed in their fundamental statutory duties by transacting business on mere telephonic instructions of a client and omitting to exercise due diligence to verify the functioning of the client at the declared address using reliable and independent sources. The CB's actions facilitated the illicit diversion of goods resulting in a substantial loss of revenue to the exchequer. I observe that the CB acted in a negligent manner, facilitating customs clearance for a non-existent/fly-by-night importer without verifying their operational status as mandated under Regulation 10(n). However, I also find that the investigation has not brought forth any evidence establishing active connivance, prior knowledge of fraud, or any financial gain accrued by the CB. The same has been affirmed by the Inquiry Officer in her report dated 16.06.2026. Hence, under the factual matrix of the case 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 offence 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 licencee 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".

15. I find that the SCN under CBLR was issued on 27.01.2026 and Inquiry Report was received on 17.06.2026. The Inquiry was delayed beyond the period stipulated under Regulation 17 for the administrative reasons elaborated in para 4.1 *supra*. Further, with respect to the timelines prescribed under Regulation 17 of the CBLR, 2018, I observe that the timelines under CBLR are directory in nature and not mandatory in cases where the complexity of the investigation or administrative exigencies prevent the completion of proceedings within the prescribed timeline. In this regard, I place 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.), observed 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 there afterwards, 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 CBLR, 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".

16. Having gone through the facts of the case and evidences on record, it is noted that 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 a collusion with the importer in the clandestine diversion of the goods imported under Advance Authorization Scheme into the Domestic Tariff Area. 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 the 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 the licence would have severe and disproportionate consequences on the livelihood of the CB and its employees, the extreme penalty of revocation or forfeiture of the security deposit is not warranted.

17. In view of the foregoing findings, relying upon judicial precedents and the "Doctrine of Proportionality" which propagates the idea that the punishment for an offence should be proportional to the gravity of the offence, I am not inclined to revoke the license and forfeit the security deposit of the CB. However, for their acts of omissions and commissions, the Customs Broker M/s. PAR Logistic LLP (CB License No. 11/733) is held liable and guilty for violating the provisions of the CBLR, 2018, as mentioned above. Accordingly, I pass the following order:

ORDER

18. I, Principal 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 the Customs Broker M/s. PAR Logistic LLP (CB License No. 11/733) 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.

15.9.26

(AJAY KUMAR PANDEY)
Pr. Commissioner of Customs (Gen.)
NCH, Mumbai-I

To,

M/s. PAR Logistic LLP (CB License No. 11/733)
Office 67, 4th Floor, Plot-56, Ashok Chambers,
Devji Ratansi Marg, Masjid Bunder (East),
Mumbai - 400009.

Copy to:

1. The Pr. Chief Commissioner/ Chief Commissioner of Customs, Mumbai - I, II, III.
2. The Principal Commissioner of Customs, SIIB, Indore.
3. EDI of NCH, ACC & JNCH.
4. ACC (Admn), Mumbai with a request to circulate among all departments.

5. JNCH (Admn) with a request circulate among all the concerned.
6. Cash Section, NCH.
7. Notice Board.
8. Office copy.