

Supreme Court of India

N.K. Bapna vs Union Of India And Ors on 14 May, 1992

Equivalent citations: 1992 SCR (3) 267, 1992 SCC (3) 512

Author: S Rangnathan

Bench: Rangnathan, S.

PETITIONER:

N.K. BAPNA

Vs.

RESPONDENT:

UNION OF INDIA AND ORS.

DATE OF JUDGMENT 14/05/1992

BENCH:

RANGNATHAN, S.

BENCH:

RANGNATHAN, S.

RAMASWAMI, V. (J) II

YOGESHWAR DAYAL (J)

CITATION:

1992 SCR (3) 267

1992 SCC (3) 512

JT 1992 (4) 49

1992 SCALE (1) 1135

ACT:

Constitution of India, 1950:

Articles 21, 22 and 32-Preventive Detention-Detention order-Whether could be challenged even before service of the order on the detenu-Claims of the State and fundamental right of the citizen to be balanced.

Conservation of Foreign Exchange & Prevention of Smuggling Activities Act, 1974:

Section 3(1)-Goods imported by company and declared to customs authorities-After assessment to duty and clearance kept in bonded warehouses under lock and key of customs officials-Removal or abetting removal by Managing Director, without permission of proper officer-Whether constituted smuggling-Detention order-Legality of.

Customs Act, 1962:

Sections 2(39), 2(43), 23, 49, 59, 72 and 111(j) and 125(2)-Import of goods-Goods assessed to duty and kept in warehouse under lock and key of customs authorities-Clandestine removal of goods without paying of assessed duty-Whether constituted 'smuggling'-Whether goods liable to be confiscated-Import of goods when concluded-Whether open to authorities to either confiscate goods or collect duties payable by them.

HEADNOTE:

The Petitioner was the Managing Director of a company engaged in the business of manufacture and production of plastic goods. The Company imported certain materials and the goods were cleared for bonded warehouseing after assessment to duty. The Company cleared part of the material, after payment of duty, under the supervision of the Customs Officials on different dates, and the balance was kept in the warehouses, which were kept under lock and key and the key was in the custody of

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Customs officials. Sometime later, the Customs officials discovered shortage of material kept in the warehouses. Certain enquiries and proceedings ensued and in the course of these enquiries, the petitioner came to know that an order of detention had been passed against him under Section 3(1) of the Conservation of Foreign Exchange & Prevention of Smuggling Activities Act, 1974, with a view to preventing him from abetting the smuggling of goods. Without waiting for the order and the grounds of detention being served on him, the petitioner filed a writ petition before the High Court challenging the order of detention. The authorities did not file any counter affidavit affirming or denying the facts mentioned in the writ petition nor did they come forward to disclose or even indicate the grounds of the proposed detention, if any. A Single Judge of the High Court dismissed the writ petition on the ground that, on the facts disclosed in the petition, the case, prima facie fell within the scope of the expression 'smuggling' as defined in the Act.

On appeal, the Division Bench held that the circumstances referred to in the petition were not sufficient to constitute 'smuggling'. However, it dismissed the appeal on the view that without the grounds of detention it would not be proper for the courts to go into the validity or otherwise of the order of detention or make any pronouncement that the order in question had not been passed under the Act under which it was proposed to have been passed or that it was passed with a wrong purpose or was passed on vague, extraneous or irrelevant grounds.

In the Special Leave Petition before this Court on behalf of the Petitioner it was contended that the Division Bench of the High Court having held that activities did not constitute 'smuggling' ought to have straightaway quashed the detention order; that the goods in question had been assessed to customs duty by the authorities and an order for their clearance from the customs area had been made on the execution of a bond for the due payment of the duty; that the petitioner was not guilty of 'smuggling' or the abetment thereof; that the scope of s.111(j) should be restricted to goods which were dutiable and no duty had been assessed and their removal from a warehouse where they were lodged,

pending assessment of duty, that the operation of 'import' was concluded once the goods were assessed to customs duty and cleared from the customs area and the concept of 'smuggling' could have no meaning in respect of such goods thereafter, that where goods were removed from a warehouse in which they

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were lodged under section 59 without permission of the concerned authorities, the only consequence that could follow was action under section 72; and there could be no levy of penalty under Section 125, and such goods were not liable to confiscation, and the provision for the contravention of which there could be no penalty or confiscation should not be so read as justifying the draconian remedy of preventive detention; once the goods were cleared by the customs authorities, they were not liable to confiscation, unless the order granting clearance was reversed in appropriate proceedings.

Dismissing the Special Leave Petition, this Court,

HELD : 1. It is now well settled that, even in a case of preventive detention, it is not necessary for the proposed detenu to wait till a detention order is served upon him before challenging the detention order. Though the Constitution of India, which permits preventive detention, requires the detaining authorities to serve the grounds of detention within a prescribed period after the detention order is served on the detenu, it does not envisage any disclosure of the grounds of detention prior to the service of the detention order on the detenu. To apprise the detenu in advance of the grounds on which he is proposed to be detained may well frustrate the very purpose of the law. On the other hand, to insist that no order of detention can be challenged until actual detention in pursuance thereof takes place might irretrievably prejudice the rights of proposed detenus in certain situations. Thus, the conflicting claims of the State and the fundamental right of a citizen need to be reconciled and the limitations, if any precisely enunciated. [273 E-G]

The Additional Secretary to the Government of India & Ors. v. Smt. Alka Subhash Gadia & Ors., (1991) 1 J.T.S.C. 549, relied on.

2.1. The activity of the company would amount to smuggling and that of the petitioner to abetment of smuggling if they had removed or caused or abetted the removed of the goods from the bonded warehouse without the permission of the concerned authorities. The order of detention proposed cannot be said to proceed on a basis totally extraneous to the provisions of the Act and cannot be described as an order not made under the Act under which it is purportedly made nor can it be said that the grounds of detention are vague, irrelevant or extraneous to the purpose or provision of the Conservation of Foreign Exchange (prevention of Smug-

gling Activities) Act. [280 G-H, 281A]

2.2. There can be no smuggling if the goods had been removed from the warehouse not by the petitioner but by the customs authorities or somebody else. But that will be a question of fact. Assuming that the goods have been removed by the petitioner or the company for the warehouse without the permission of the proper officer, a simple reading of the relevant sections is sufficient to say prima facie that, in the present case, there has been smuggling by the Company, and an abetment of smuggling by the petitioner. On the broad conspectus of facts and the special definition clauses in the relevant statutes it cannot be said that the proposed detention in this case is totally outside the provisions of the statute. If there is prima facie, smuggling or abetment of smuggling, it is open to the competent authorities to issue a detention order, which may be challenged later on the merits on any grounds that may be available but it cannot be said that the action is flagrantly in violation of the statute or that the order is one not made under the provisions of the statute under which it has been purportedly issued. [277 A-D]

3.1. There is no justification to restrict "dutiabale goods" to "dutiabale goods not yet assessed to duty". The suggestion that "warehouse" referred to in the clause (j) of Section 111 should be understood to mean a warehouse to which goods are removed under s.49 but not one to which goods are taken in pursuance of s.59, ignores the wide definition of that expression set out in s.2(43) of the Customs Act. [278 D-E]

Deputy Commissioner of Commercial Taxes v. M/s. Caltex India) Ltd., AIR 1962 Mad 298 and Union of India v. Jain Sudh Vanasapthi Ltd., 1992 1 Scale 34 10 E.L.T. 43 (Del.), referred to.

3.2. Even the general concept of smuggling contains two elements: one, the bringing into India of goods, the import of which is prohibited; and two, the bringing into country's trade stream, of goods the import of which is permitted without paying the customs duties with which they are chargeable. The second eventually can occur not only where there is a clandestine import evading the assessment of duty but also where there is a clandestine removal without payment of the assessed duty. In a case where the goods are warehoused under s.49 and they are clandestinely removed, there would be smuggling as the duties payable thereon have been evaded altogether. But even in a case where the goods are assessed

to duty and allowed to be warehoused under s.59, a clandestine removal can result in loss of duty. No doubt, there is a provision in s.72 for collection of the duty and forfeiture of the bond furnished to secure due payment of duty but these may not always be adequate cover to the

Revenue if the goods are spirited away without permission.
[278 F-H, 279 A]

3.3. The mere fact that the goods have been ostensibly cleared, after assessment of duty, to a warehouse does not preclude the applicability of the concept of smuggling even in such a case. In a sense, import may be said to be complete for certain purposes, say, sales tax purposes on their clearance after assessment of duties at the customs barrier but it is not complete in a real sense. Even the warehouse, to which the goods are permitted to be removed under s.59 is a premises under the lock and key of the customs authorities and is, in a sense, an extension of the customs area. Goods can be cleared therefrom for home consumption or exportation only after payment of duties. Till that is done, there is always the risk of the loss to the State of the duties payable. So import cannot be said to be complete till then. There is no reason to read down s.111 (j) which only recognises this position. [279 B-D]

Deputy Commissioner of Commercial Taxes v. M/S Caltex (India) Ltd. AIR 1962 Mad 298, referred to.

3.4. The consequences which follow on a particular act or omission will depend on the statutory provisions in question. It may be that the petitioner's act in the present case may not have attracted s.125 as it stood earlier but will now attract a penalty in view of s.125(2) inserted w.e.f. 27.12.1985. It may also attract s.72 but this cannot, however, be decisive of the interpretation of s.111(j). [279 G]

Shewpujanrai Indrasanrai Ltd. v. The Collector of Customs & Ors., [1959] S.C.R. 821, referred to.

3.5. Even if it is assumed that s.72 will not be applicable where the goods are confiscated, the authorities have to choose, having regard to all the circumstances, between confiscating the goods on the one hand or collecting the duties payable thereon on the other. Having regard to the language of s.111(j), it cannot be held that in such a case, the goods are not liable to confiscation, merely because an alternative recourse to Section 72 is available. In view of the language of Section 111(j), the goods are liable

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to confiscation. This conclusion does not go behind or ignore the effect of the order clearance. It accepts the fact of clearance and proceeds on the footing that the goods, rightly cleared under s.59, have been clandestinely removed from the warehouse within the meaning of s.59. [280 B,F]

Union of India v. Jain Shudh Vanaspathi, (1992) Scale 34 and Jain Shudh Vanaspathi Ltd. & Anr. v. Union of India & Ors., (1982) 10 E.L.T. 43 (Del.), referred to.

JUDGMENT :

CIVIL APPELLATE JURISDICTION : Special Leave Petition (C) No. 5781 of 1992.

From the Judgment and Order dated 6.4.1992 of the Calcutta High Court in F.M.A.T. No. 914 of 1992.

A.K. Sen, Pradeep Tarafdar, B.N. Singhvi (for M/s. Swarup John & Co.) for the Petitioner.

A Subba Rao and Parmeswaran for the Respondent. The Judgement of the Court was delivered by S. RANGANATHAN, J. The petitioner is the Managing Director of M/s E.A.P. Industries Ltd., engaged in the business of manufacture and production of plastic compounds, plastic films and sheets and plastic chemicals. The petitioner says that it came to his knowledge that an order has been passed on 1st January, 1992 directing his detention under section 3(1) of the Conservation of Foreign Exchange & Prevention of Smuggling Activities Act, 1974 (hereinafter referred to as 'the Act') - with a view to preventing him from abetting the smuggling of goods. A copy, purporting to be a copy of the said order, has been placed on record, though it is not quite clear how the petitioner came by it. Thereupon he filed a writ petition in the Calcutta High Court for an injunction restraining the concerned authorities from detaining him in pursuance of the above order. This writ petition as an appeal therefrom have been dismissed; hence the present Special Leave Petition.

According to the Petitioner, the detention order has been issued in consequence of certain proceedings which had been initiated against him by the customs officials. He says that the company imported 267.782 metric tons of Ethyle Hexanol (EHA). This Consignment was unloaded at Kandla port and 24 tankers thereof were transported to bonded warehouses after assessment to duty in October- November 1989. Out of the chemical thus kept in the bonded warehouse the company cleared 175 metric tons between December, 89 and October, 90 on payment of duty. The company also imported 204 M.T. of P.V.C. Resin from France on 2.5.90. This consignment was unloaded at Calcutta Port and was cleared for bonded warehousing. Out of this 75 Metric tons of P.V.C. resin were cleared by the company after payment of duty on 17.9.1990 and 8.11.1990 under the supervision of the Customs officials. According to the petitioner the warehouse were kept under lock and key and the key was in the custody of customs officials.

Sometime in September 1991, the Customs officials discovered a shortage of 93.975 metric tons of P.V.C. resin and a similar shortage also in the stock of EHA kept in the warehouse. Certain enquires and proceedings ensued and the petitioner says that in the course of these enquiries he came to know that an order of detention had been passed against him under the Act. Without waiting for the order and the grounds of detention being served on him, the petitioner filed a writ petition challenging the order of detention.

It is now well settled that, even in a case of preventive detention, it is not necessary for the proposed detenu to wait till a detention order is served from him before challenging the detention order. It is true that the Constitution of India, which permits preventive detention requires the detaining authorities to serve the grounds of detention within a prescribed period after the detention order is

served on the detenu. It does not envisage any disclosure of the grounds of detention prior to the service of the detention order on the detenu. To apprise the detenu in advance of the grounds on which he is proposed to be detained may well frustrate the very purpose of the law. On the other hand, to insist that no order of detention can be challenged until actual detention in pursuance thereof takes place might irretrievably prejudice the rights of proposed detenus in certain situations. Thus, the conflicting claims of the State and the fundamental right of a citizen need to be reconciled and the limitations, if any, precisely enunciated. This has been done by the recent decision of this Court in *The Additional Secretary to the Government of India & Ors. v. Smt. Alka Subhash Gadia & Ors.*, 1991 (1) J.T. (S.C.) 549. The real question of law that fell for consideration before the court in that case was whether the detenu or anyone on his behalf is entitled to challenge the detention order without the detenu submitting or surrendering to it and if so in what type of cases. As a corollary to this question, the incidental question that had to be answered was whether the detenu or the petitioner on his behalf, is entitled to the detention order and the grounds on which the detention order is made before the detenu submits to the order. The first question was answered by saying that the courts have power to interfere even before the detention order is served or the detention is effected but that such power will be exercised sparingly and in exceptional cases of the type enunciated therein. The Court observed :

"It is not correct to say that the courts have no power to entertain grievances against any detention order prior to its execution. The courts have the necessary power and they have used it in proper cases as has been pointed out above, although such cases have been few and the grounds on which the courts have interfered with them at the pre- execution stage are necessarily very limited in scope and number, viz., where the courts are prima facie satisfied (i) that the impugned order is not passed under the Act under which it is purported to have been passed, (ii) that it is sought to be executed against a wrong person, (iii) that it is passed for a wrong purpose, (iv) that it is passed on vague, extraneous and irrelevant grounds or (v) that the authority which passed it had no authority to do so. The refusal by the courts to use their extraordinary powers of judicial review to interfere with the detention orders prior to their execution on any other ground does not amount to the abandonment of the said power or to their denial to the proposed detenu, but prevents their abuse and the perversion of the law in question." On the second question, the Court had this to say: "In view of the discussion aforesaid, the answer to this question has to be firmly in the negative for various reasons. In the first instance, as stated earlier, the Constitution and the valid law made thereunder do not make any provision for the same. On the other hand, they permit the arrest and detention of a person without furnishing to the detenu the order and the grounds thereof in advance. Secondly, when the order and the grounds are served and the detenu is in a position to make out prima facie the limited grounds on which they can be successfully challenged, the courts, as pointed out earlier, have power even to grant bail to the detenu pending the final hearing of his petition. Alternatively, as stated earlier, the Court can and does hear such petition expeditiously to give the necessary relief to the detenu. Thirdly, in the rare cases where the detenu, before being served with them, learns of the detention order and the grounds on which it is made, and satisfies the Court of their existence by proper affirmation, the Court does not decline to entertain the writ petition even at the pre- execution stage, of course, on the very limited grounds stated above. The Court no doubt even in such cases is not obliged to interfere with the impugned order at that stage and may insist that the detenu should first submit to it. It will, however, depend on the facts of each

case. The decisions and the orders cited above show that in some genuine cases, the Courts have exercised their powers at the pre-execution stage, though such cases have been rare. This only emphasises the fact that the Courts have power to interfere with the detention orders even at the pre-execution stage but they are not obliged to do so nor will it be proper for them to do so save in exceptional cases. Much less can a detenu claim such exercise of power as a matter of right. The descretion is of the Court and it has to be exercised judicially on will-settled principles."

In the present case, the authorities did not file any counter affidavit affirming or denying the facts mentioned in the writ petition nor did they come forward to disclose or even indicate the grounds of the proposed detention, if any. The learned Single Judge in the High Court dismissed the writ petition on the short ground that, on the facts disclosed in the petition, the present case prima facie fell within the scope of the expression 'smuggling' as defined in the Act. The Division Bench came to the conclusion that the circumstances referred to in the petition were not sufficient to constitute 'smuggling'. Nevertheless, the Court took the view that without the grounds of detention it will not be proper for courts the to go into the validity or otherwise of the order of detention or make any pronouncement that the impugned order has not been passed under the Act under which it is proposed to have been passed or that it was passed with a wrong purpose or was passed on vague, extraneous or irrelevant grounds.

We have heard Sri Asoke Sen, learned counsel for the petitioner and Sri Subba Rao, learned counsel for the respondent at considerable length. Sri Asoke Sen contends that the Division Bench of the High Court having accepted the petitioner's contention that his acivities do not constitute 'smuggling' ought to have straightaway quashed the detention order. He points out that the goods in question had been assessed to customs duty by the authorities and an order for their clearance from the customs area had been made on the execution of a bond for the due payment of the duty. Referring to the definitions of 'smuggling' in various dictionaries and decisions, he contends that it is ridiculous to suggest that the petitioner is guilty of 'smuggling' or the abetment thereof. Prima facie, one would ageer that there is considerable force in this contention of the learned counsel for the petitioner that there cannot be any smuggling of goods which have been openly imported, declared to the customs authorities and cleared by them after being assessed to duty. However, we cannot go by the dictionary meaning of the word as the Act has a definition clause which adopts, for the word, the same meaning which it has in section 2(39) of the Customs Act. Section 2(39) of the Customs Act, defines 'smuggling' thus:

"Smuggling", in relation to any goods, means any act or omission which will render such goods liable to confiscation under section 111 or section 113". Section 111 declares, inter alia, that the following goods will be liable to confiscation:

(j) any dutiable goods removed or attempted to be removed from a warehouse without the permission of the proper officer or contrary to the terms of such permission.

and section 2(43) of the said Act contains a definition of 'warehouse', which reads:

'Warehouse' means a public warehouse appointed under section 57 or a private warehouse licensed under section 58."

It is clear even from the facts disclosed in the petition that the case of the authorities may be that the petitioner has abetted the removal of the imported goods from the bonded warehouse without the permission of the proper officer. Of course, there can be no smuggling if the goods had been removed for the warehouse not by the petitioner but by the customs authorities or somebody else as suggested by the petitioner. But that will be a question of fact and one has to assume, for the purposes of the present argument, that the goods are alleged to have been removed by the petitioner or the company from the warehouse without the permission of the proper officer. In such a situation, a simple reading of the relevant sections is sufficient to say *prima facie* that, in the present case, there has been smuggling by the company, and an abetment of smuggling by the petitioner. It is difficult to say on the broad conspectus of facts and the special definition clauses in the relevant statutes that the proposed detention in this case is totally outside the provisions of the statute. If there is *prima facie*, smuggling or abetment of smuggling, it is open to the competent authorities to issue a detention order which may be challenged later on the merits on any grounds that may be available but it cannot be said that the action is flagrantly in violation of the statute or that the order is one not made under the provisions of the statute under which it has been purportedly issued.

Realising the direct impact of the relevant statutory provisions on the sparse facts stated by the petitioner, Shri Ashoke Sen has elaborated contentions before us which have found favour with the Division Bench of the High Court to demonstrate that the facts alleged do not bring the present case within the statutory provisions. According to him, section 111 (j) comes into operation only in a case where no duty has been assessed on goods and the goods are allowed to be deposited in a warehouse under the provisions of section 49 of the Customs Act pending clearance from customs. He submits that in such a case the removal of goods without the permission of the statutory authorities would amount of smuggling because in such a case the process of import is not complete. Also in such a case the goods would clearly have escaped duty because the provisions of section 72 are not made applicable to a case where the goods are warehoused under section 49. In such a case Shri Ashoka Sen says, the statutory concept of smuggling would squarely apply but, he says, it cannot have any application to a case where the goods are cleared from the customs area with the permission of the customs authorities. In this type of case, the process of import is complete : vide, *Deputy Commissioner of Commercial Taxes v. M/s. Caltex (India) Ltd.*, AIR 1962 Mad 298 and, there can be no smuggling thereafter. Even if the goods are clandestinely removed from the bonded warehouse there is no escapement of duty since the duty is adequately safeguarded by a bond for double the amount of duty with which the goods are chargeable. The only remedy of the Department in such cases is the recovery of the duties etc. under s.72 and no confiscation of the goods is permissible in such cases. Indeed, there can be no confiscation of goods once they are cleared from the customs area under s.47, vide *Union of India v. Jain Sudh Vanaspathi Ltd.*, 1992-1 Scale 34 affirming 10 E.L.T. 43 (Del.). In the light of these concepts he urges that the scope of s.111 (j) should be restricted to goods which are dutiable and in respect of which no duty has been assessed and their removal from a warehouse where they are lodged pending assessment of duty.

We are of the opinion that, interesting as these arguments are, they cannot be accepted. The interpretation sought to be placed by counsel on the provision contained in s.111(j) is unduly narrow and imports, into the clear language thereof, words that are not there. There is no justification to restrict "dutiable goods" to "dutiable goods not yet assessed to duty". The suggestion that "warehouse" referred to in the clause should be understood to mean a warehouse to which goods are removed under s.49 but not one to which goods are taken in pursuance of s.59 is without basis and ignores the wide definition of that expression set out in s.2(43) of the Customs Act.

Sri Sen has urged three considerations in support of his plea to limit the scope of s.111(j) as urged by him. The first is that the operation of 'import' is concluded once the goods are assessed to customs duty and cleared from the customs area and the concept of 'smuggling' can have no meaning in respect of such goods thereafter. This is not quite correct. Even the general concept of smuggling contains two elements: one, the bringing into India of goods the import of which is prohibited; and two, the bringing, into the country's trade stream, of goods the import of which is permitted without paying the customs duties with which they are chargeable. In our view, the second eventuality can occur not only where there is a clandestine import evading the assessment of duty but also where there is a clandestine removal without payment of the assessed duty. In a case where the goods are warehoused under s.49 and they are clandestinely removed, there would be 'smuggling' as the duties payable thereon have been evaded altogether. But even in a case where the goods are assessed to duty and allowed to be warehoused under s.59, a clandestine removal can result in loss of duty. No doubt, there is a provision in s.72 for collection of the duty and forfeiture of the bond furnished to secure due payment of duty but these may not always be adequate cover to the Revenue if the goods are spirited away without permission. The mere fact that the goods have been ostensibly cleared, after assessment of duty, to a warehouse does not preclude the applicability of the concept of smuggling even in such a case. In a sense, import may be said to be complete for certain purposes say, sales tax purposes as in *Dy. C.C.T. v. Caltex (India) Ltd.*, AIR 1962 Mad 298 on their clearance after assessment of duties at the customs barrier but it is not complete in a real sense. Even the warehouse, to which the goods are permitted to be removed under s.59 is a premises under the lock and key of the customs authorities and is, in a sense, an extension of the customs area. Goods can be cleared therefrom for home consumption or exportation only after payment of duties. Till that is done, there is always the risk of the loss to the State of the duties payable. So import cannot be said to be complete till then from the point of view with which we are concerned. There is no reason why we should read down s.111(j) which only recognises this position.

The second point made by Sri Sen is that where goods are removed from a warehouse in which they are lodged under s.59 without permission of the concerned authorities the only consequence that can follow is action under s.72. According to him, in such cases, there can be no levy of penalty under s.125 and the goods removed without permission are not liable to confiscation. He urges that a provision, for the contravention of which there can be no penalty or confiscation, should not be so read as justifying the draconian remedy of preventive detention. In support of his contentions on this part of the case, learned counsel strongly relied on the decision of this Court in *Shewpujanrai Indrasanrai Ltd. v. The Collector of Customs & Ors.*, [1959] S.C.R. 821. We are unable to see any force in this contention. The consequences which follow on a particular act or omission will depend on the statutory provisions in question. It may be that the petitioner's act in the present case may

not have attracted s.125 as it stood earlier but will now attract a penalty in view of s.125(2) inserted w.e.f. 27.12.1985. It may also attract s.72 but this cannot, however, be decisive of the interpretation of s.111 (j). In the decision referred to by counsel which arose under the Sea Customs Act, 1878 smuggled goods were confiscated and, in addition, the smuggler was called upon to pay the duties on the goods. The Court held that the question of a levy of import duties did not arise as there was no statutory provision covering the facts of that case enabling such levy. This decision is no authority for the proposition that s.111(j) is inapplicable to a case to which s.72 is applicable. Even if one assumes that s.72 will not be applicable where the goods are confiscated the position only comes to this, that the authorities have to choose, having regard to all the circumstances, between confiscating the goods on the one hand or collecting the duties payable thereon on the other. Having regard to the language of s.111(j), it is not possible to agree with counsel that, in such a case, the goods are not liable to confiscation merely because an alternative recourse to s.72 is available to them.

The third point made by Sri Sen is that once goods are cleared by the customs authorities, they are not liable to confiscation unless the order granting clearance is reversed in appropriate proceedings. He places reliance for this proposition on *Union of India v. Jain Shudh Vanaspathi*, (1992

- 1 Scale 34) affirming the decision of the Delhi High Court in *Jain Shudh Vanaspathi Ltd. & Anr. v. Union of India & Ors.*, [1982] 10 E.L.T. 43 (Del.) (to which one of us was a party). There was some discussion before us as to whether this Court has confirmed the decision of the High Court on the above point or left it open in para 4 of the judgment. We do not think it is necessary for us to enter into this controversy. That was a case where the goods had been completely cleared accepting the plea of the importer that their import was not prohibited. The High Court held that so long as this acceptance stood the goods were not liable to confiscation. We are here concerned with the question whether the goods are liable to confiscation under s.111(j) and this question has to be answered in the affirmative in view of the language of the section. The conclusion here that the goods are liable to confiscation does not go behind or ignore the effect of the order of clearance, as in that case. It accepts the fact of clearance and proceeds on the footing that the goods, rightly cleared under s.59, have been clandestinely removed from the warehouse within the meaning of s.59. The decision cited by learned counsel is, therefore, of no assistance to him.

The upshot of the above discussion is that, on the conspectus of facts placed before the Court and referred to earlier, the activity of the company would amount to smuggling and that of the petitioner to abetment of smuggling, if they had removed, or caused or abetted the removal of the goods from the bonded warehouse without the permission of the concerned authorities. The order of detention proposed cannot be said to proceed on a basis totally extraneous to the provisions of the Act and cannot be described as an order not made under the Act under which it is purportedly made nor can it be said that the grounds of detention are vague, irrelevant or extraneous to the purpose or provisions of the Act.

In the result, we uphold the orders of the High Court dismissing the writ petition though we do not uphold the reasoning of the Division Bench. The special leave petition is, accordingly, dismissed but with no order regarding costs.

N.P.V.

Petition dismissed.