

Pratap Rai Vs. Superintendent (Tech. I) Central Excise I.D.O. and ors.

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Court : Madhya Pradesh

Decided On : Nov-19-1976

Reported in : 1977CriLJ972; 1977MPLJ153

Judge : G.P. Singh and; J.S. Verma JJ.

Appellant : Pratap Rai

Respondent : Superintendent (Tech. I) Central Excise I.D.O. and ors.

Judgement :

J.S. Verma, J.

1. By this petition under Article 226 of the Constitution, the petitioner seeks a suitable writ to quash the adjudication proceedings and de novo enquiry commenced by a fresh notice dated 13-12-1972 (Annexure-E) issued under the Customs Act, 1962 (hereinafter called the Act.)

2. On 27-2-1969, when the petitioner detrained at the Jabalpur railway-station from the Janata Express coming from Bombay, he was searched by officers of the Central Excise Department who recovered 23 wrist watches of foreign make from his possession. This gave rise to adjudication proceedings against the petitioner commenced by a show cause notice dated 23-5-1969 (Annexure-A) issued by the Assistant Collector, Customs and Central Excise, Jabalpur (respondent No. 2). That proceeding ended by the order dated 30-6-1969 (Annexure-B) passed by the

respondent No. 2 whereby all the watches were confiscated under Section 111(d) of the Act on the ground that no duty had been paid thereon and a penalty of Rs. 250/- was imposed under Section 112 of the Act. The petitioner preferred an appeal to the Appellate Collector (respondent No. 3) under Section 128 of the Act, Under Section 128(2) of the Act, by the order dated 22-7-1972 (Annexure-C), the respondent No. 3 set aside the order of adjudication (Annexure-B) passed by the respondent No. 2 without any direction remanding the case for commencement of a de novo enquiry. Thereafter a fresh notice dated 27-7-1972 (Annexure-D) was issued to the petitioner by the respondent No. 1 for commencement of a de novo enquiry and the petitioner's objection to the same having been rejected, the present petition has been filed substantially for the relief already stated.

3. The petitioner's case is that the order of respondent No. 8 passed in appeal under Section 128(2) of the Act not having given any direction of remand permitting a fresh enquiry and the same having become final) the de novo enquiry and fresh proceedings for. adjudication now commenced are without jurisdiction. In reply, the respondents contend that the direction of remand is implicit in the appellate order Annexure-C wherein the expression 'without prejudice' has been used.

4. The relevant portion of the appellate order (Annexure-C) is as follows:

The adjudication, therefore, suffers for lack of principle of natural justice, in as much as adequate opportunities were not given to the appellant to defend his case. I, therefore, without prejudice, vacate the order of the adjudication passed by the Assistant Collector, Central Excise, Jabalpur.

There can, be no doubt that there is no express direction of remand given in the appellate order permitting the initiation of fresh adjudication proceedings after the earlier order of adjudication passed by respondent No. 2 had been set aside in appeal, vide order Annexure-C. The case of the respondents is that the use of the expression 'without prejudice' in the relevant portion of the order quoted above implies such a remand. We are unable to accept this argument because that would require importing certain words in the appellate order which are admittedly not there. Mere use of the expression 'without prejudice' does not lead to the

implication suggested on behalf of the respondents. In *Collector of Central Excise, Madras v. V.K. Pallappa Nadar* : AIR1964 Mad111 ; the expression 'without prejudice to the merits of the case' used in a similar order made by the appellate authority under Section 35 of the Central Excises and Salt Act, 1944, was not construed as implying a direction of remand and it was held that the expression only meant that the appellate authority had not gone into the merits of the case and had disposed of the matter on a preliminary ground. That decision of the Madras High Court was followed in *Marsden Spg. and Co. Ltd. v. L.V. Pol* ILR (1965) Guj 240; by a Division Bench of that Court under similar circumstances. We find no reason to construe the expression 'without prejudice' occurring in the appellate order Annexure-C in the present case in a different manner. The principle enunciated in both these decisions was summarized by a Division Bench of this Court in *Universal Cables Ltd. v. Union of India*, Misc. Petition No. 1571 of 1975, decided on 14-9-1976 : (reported in 1977 Tax LR 1825) (Madh Pra), as follows:

The ratio of these two cases, which are similar, is that when a proceeding is terminated by an appellate order, the same proceeding cannot be restarted by the original authority in the absence of remand.

The effect of finality attaching to an appellate order made under Section 35 of the Central Excises and Salt Act, 1944, is undoubtedly of this kind. In our opinion, the effect of an appellate order made under Section 128(2) of the Customs Act, 1962, is the same. Under Sub-section (2) of Section 128 of the Customs Act, the appellate authority has very wide powers of making such order as it thinks fit, confirming, modifying or annulling the decision or order appealed against. The provisions also empower the appellate authority to make such further enquiry as may be necessary before making the final order in the appeal. Thus, the power of the appellate authority is conferred in the widest terms. Section 131 provides for a revision by the Central Government on an application of any person aggrieved by any order passed under Section 128. The Central Government also has suo motu power of revision to annul or modify any order passed under Section 128. The scheme of the Act clearly shows that an appellate order made under Section 128 of the Customs Act attains a finality subject only to the Central Governments

revisional powers conferred by Section 131 of the Act. The result is that an appellate order made under Section 128 of the Customs Act attains finality in the same manner as does the appellate order under Section 35 of the Central Excises and Salt Act, 1944. It follows necessarily that the original authority under the Customs Act cannot re-commence the same proceeding in the absence of a remand by the appellate authority made while setting aside the order of the original authority in appeal.

5. In the present case, there was no direction of remand contained in the appellate order Annexure-C and the adjudication proceeding ending with the order Annexure-B made by the respondent No. 2 was set aside under Section 128(2) of the Customs Act. The necessary consequence was that the authorities had no jurisdiction thereafter to commence fresh adjudication proceedings de novo after the appellate order by issuing a fresh notice Annexure-D, dated 27-7-1972.

6. Consequently, this petition succeeds and the fresh notice Annexure-D, dated 27-7-1972, issued by respondent No. 1, as also the fresh adjudication proceedings commenced on that basis are quashed. This does not, however, affect the criminal prosecution pending against the petitioner and we express no opinion in that respect since the claim in this petition was confined at the hearing only to quashing the fresh adjudication proceedings. In the circumstances of the case, parties shall bear their own costs. The amount of security deposit shall be refunded to the petitioner.