

# **SUPREME COURT OF INDIA**

State Thr.Insp.of Police

Vs.

A.Arun Kumar

Crl.A.No.2602 of 2014

(Dipak Misra and Uday Umesh Lalit JJ.)

17.12.2014

## **JUDGMENT**

### **UDAY UMESH LALIT, J.**

1. Leave granted. This appeal arises out of the judgment and order dated 22.08.2011 passed by the High Court of Madras in Crl. R.C. No.106 of 2009 whereby it set aside the order of the Special Court dated 19.12.2008 dismissing the application for discharge preferred by the Respondents herein.

2. On 08.02.2007 RC-1/E/2007-CBI/EOW/CHENNAI was registered under sections 120B read with section 420, 467, 468, 471 IPC and 477-A IPC and section 13 (2) read with section 13(1)(d) of The Prevention of Corruption Act, 1988 (POC Act for short) and section 32 of the Customs Act, 1962 on the allegations that accused nos. 1-3 named therein had entered into a criminal conspiracy with accused no.4 who was Appraiser of Customs, Inland Container Depot (ICD), Irugur, Coimbatore and with accused no.5, Inspector of Customs, Inland Container Depot, Irugur, Coimbatore during 2004-2005 and in pursuance of said conspiracy had filed false and fabricated documents to claim duty draw back to the tune of Rs.2.14 crores (approximately) from ICD, Irugur. It was alleged that said accused nos.1-3 had filed certain Shipping Bills and that the export documents were assessed by accused no.4 i.e. respondent no.1 and after such assessment the goods were examined by accused no.5 i.e. respondent No.2. After completion of the customs formalities the goods were stuffed in containers

which were sealed and transported to Cochin for consignment to Dubai. It was alleged that accused no.1 produced different sets of forged shipping bills by adding a digit before the total quantity of shipment thereby inflating the value of shipment and fraudulently claimed duty draw back. These forged shipping bills were endorsed by the respondents. A chart was relied upon to show how the total quantity and the present market value differed by addition of a digit. The chart was as follows:

Name of the Firm	Total Qty. in Kg (Net Weight as declared in Shipping Bill)	Total Qty. Present in GR Form	Present Market Value (Rupee)	Present Market Value (as declared in Shipping Bill)	(Net Weight as declared in Shipping Bill)	(Net Weight as declared in GR Form)	(Net Weight as declared in Shipping Bill)	(Net Weight as declared in GR Form)	(Net Weight as declared in Shipping Bill)	(Net Weight as declared in GR Form)	(Net Weight as declared in Shipping Bill)	(Net Weight as declared in GR Form)	(Net Weight as declared in Shipping Bill)	(Net Weight as declared in GR Form)	(Net Weight as declared in Shipping Bill)	(Net Weight as declared in GR Form)	(Net Weight as declared in Shipping Bill)	(Net Weight as declared in GR Form)	(Net Weight as declared in Shipping Bill)	(Net Weight as declared in GR Form)	(Net Weight as declared in Shipping Bill)	(Net Weight as declared in GR Form)	(Net Weight as declared in Shipping Bill)	(Net Weight as declared in GR Form)
M/s J.S. Babu, Inc.	79257	479257	17492880	117492880	79257	479257	17492880	117492880	79257	479257	17492880	117492880	79257	479257	17492880	117492880	79257	479257	17492880	117492880	79257	479257	17492880	117492880
M/s Samy	27176	187176	4850990	44850990	27176	187176	4850990	44850990	27176	187176	4850990	44850990	27176	187176	4850990	44850990	27176	187176	4850990	44850990	27176	187176	4850990	44850990
M/s Ayyappan	38836	258836	8586055	63586055	38836	258836	8586055	63586055	38836	258836	8586055	63586055	38836	258836	8586055	63586055	38836	258836	8586055	63586055	38836	258836	8586055	63586055
Total	30929925	225929925			30929925	225929925			30929925	225929925			30929925	225929925			30929925	225929925			30929925	225929925		

3. A regular case was registered on the allegations as aforesaid and investigation was conducted by CBI which later filed charge sheet against said five accused on 28.04.2008. The allegations against respondent nos. 1 & 2 were:

"..... A-4 Arun Kumar while preparing GR Forms is supposed to assess the value in Indian rupees for the value mentioned in US dollars by the Exporter. While preparing GR Forms, A-1 Manish Kumar Jain and A-2 R.V. Shanmugam prepared two such documents one showing correct weight in kg and value in US dollars and the other having inflated weight in kg and value in US dollars. A-1 Manish Kumar Jain and A-2 R.V. Shanmugam have put two before the weight inflating by 20,000 kgs and one before the value in US dollars inflating it by 1 lakh dollars. But A-4 Arun Kumar while endorsing it in the reverse of the form assessed and calculated the value of export in rupees and wrote the same in his own handwriting under his signature. But in the present market value mentioned in the GR Forms by the Exporter, a digit five has been added before the value in rupees, thus inflating the value by Rs.50 lakhs. This value, of course could not be the correct value if calculate at the rate of Rs.43.55 per US dollar. This was deliberately overlooked by A-4 Arun Kumar and he failed to prepare the GR

Forms in consultation with the Shipping Bills where there is a difference of Rs.50 lakhs in each and every GR Forms submitted by the Exporter. When such malpractices by the Officers of ICD, Irugur came to the knowledge of the Directorate General of Central Excise Intelligence, A-4 Arun Kumar with the connivance of A-5 Santhosh Kumar, Sr. Tax Assistant (STA) destroyed all the Shipping Bills and A-5 Santosh Kumar made corrections in the Shipping Bills Register as instructed by A-4 Arun Kumar and Shri Bindusaran."

"..... In pursuance of the said criminal conspiracy A-1 Manish Kumar Jain and A-2 R.V. Shanmugam prepared two sets of Shipping Bills and GR Forms and exported some stainless steel utensils in the name of M/s Ayyappan Industries, M/s Shri J.S. Babu Inc. and M/s Samy Metal Industries. In furtherance of the criminal conspiracy, A-1 Manish Kumar Jain and A-3 N. Rajan prepared the shipping bills. The documents were filed by A-1 Manish Kumar Jain and A-2 R. V. Shanmugam at ICD, Irugur with the connivance of A- 4 Arun Kumar who allowed the export of less quantity and entered inflated quantity in the Shipping Bills Register in conspiracy with A-5 Santhosh Kumar, STA and also filed wrong GR Forms to RBI. But before the duty draw back was allowed, the process was stopped by the intervention of the Directorate General of Central Excise Intelligence and the accused persons removed/destroyed the documents available with them and tried to replace the documents with the actual export documents by reconstruction process. While the actual exports was only worth Rs.3.22 crores, with eligible duty draw back of Rs.35,000/- by forging the Shipping Bills, GR Forms and Shipping Bills Register, the accused persons attempted to claim inflated duty draw back of Rs.2.5 crores on inflated export of Rs.22.72 crores and thereby attempted to cheat the Government of India."

4. The respondents preferred application under section 239 of Cr.P.C. seeking discharge. The special court after having considered the matter, came to the conclusion that a case for framing charges against the respondents under section 468, 471 and 201 IPC and under section 15 of the POC Act and under sections 132 and 136 of the Customs Act was made out. The special court thus dismissed the application by its order dated 19.12.2008. The respondents being aggrieved preferred revision under section 397 read with 401 of Cr.P.C. before the High Court. During the pendency of said revision the special court framed following charges against the accused:

Charge No.	Accused	Offences under section/s
I	A-1 to A-5	120-B r/w 511 IPC, 468, 471 and 201 IPC/Section 15 of the prevention of Corruption Act, 1988 and section 132 and 136 of the Custom Act.
II	A-1 to A-2	468 IPC
III	A-1 to A-2	468 r/w 471 IPC
IV	A-1 to A-3	511 r/w 420 IPC
V	A-1 to A-2	201 IPC
VI	A-4 to A-5	201 IPC
VII	A-1 to A-3	132 of the customs Act
VIII	A-4 to A-5	136 of the customs Act
IX	A-4 to A-5	15 of the Prevention of Corruption Act, 1988

5. The High Court took the view that there was nothing on record to justify framing of charges against the respondents. It was observed thus: "..... It is to be stated that this Court is also constrained to state that even for raising such suspicion much less very strong suspicion; the prosecution has not produced a scrap of material either through statement or through any other document to make out a prima facie case against the petitioners for framing the charges."

As regards charges under Section 15 of the POC Act, the High Court observed

as under:

".... Section 15 of the Prevention of Corruption Act, 1988, punishment for attempt, could be invoked only in the event of charge framed under clause

(c) of clause (d) of sub-section (1) of Section 13. As far as the case on hand is concerned, the trial court has not charged the petitioners for the offence under Section 13(1)(c) or (d)."

The High Court, thus accepted the submission that no case made out to frame any charges against the respondents and allowing the Revision by its judgment and order dated 22.08.2011, set aside the order dated 19.12.2008 of the Special Court.

6. The present appeal challenges the correctness of the view taken by the High Court. By way of an additional affidavit, the appellant placed on record, copies of relevant Shipping Bills and the corresponding Exchange Control declaration forms. We have heard Ms. Vibha Dutt Makhija, learned senior counsel appearing for the appellant who invited our attention to documents on record to bring home the point about discrepancy in the total quantity of shipment and the value of shipment in two sets of documents. It was submitted that the High Court was not right and justified in observing that there was no material on record at all. Mr. B.A. Khan and Mr. Ratnakar Dash, learned senior counsel appearing for Respondent Nos.1 and 2, respectively supported the view taken by the High Court. It was submitted by the learned counsel that there never existed two sets of shipping bills, that none of the witnesses deposed against the respondents that no duty draw back had been claimed at all and that the High Court was right in concluding that there was no material against the respondents. Relying on *Ganga Kumar Srivastava v. State of Bihar*[1] it was submitted that no case for interference by this Court was made out.

7. We have gone through two sets of documents which were filed along with an additional affidavit. By way of sample, Shipping Bill No.000810 is for the quantity of 3568 Kgs with value at Rs.7,88,830 whereas the corresponding Exchange Control Declaration (GR) mentions the quantity as 23568 Kgs i.e. to say digit "2" stands added and the value shown is Rs.57,88,830 i.e. to say digit "5" stands added. In the process, the value was inflated which would in turn increase the amount of duty

drawback multifold. The documents placed on record which are part of the charge-sheet, certainly raise grave suspicion against the respondents.

8. The law on the point is succinctly stated by this Court in Sajjan Kumar v. CBI[2] wherein after referring to Union of India v. Prafulla Kumar Samal[3] and Dilawar Balu Kurane v. State of Maharashtra[4] this Court observed in para 19 thus:

"It is clear that at the initial stage, if there is a strong suspicion which leads the Court to think that there is ground for presuming that the accused has committed an offence, then it is not open to the court to say that there is no sufficient ground for proceeding against the accused. The presumption of the guilt of the accused which is to be drawn at the initial stage is only for the purpose of deciding prima facie whether the Court should proceed with the trial or not. If the evidence which the prosecution proposes to adduce prove the guilt of the accused even if fully accepted before it is challenged in cross-examination or rebutted by the defence evidence, if any, cannot show that the accused committed the offence, then there will be no sufficient ground for proceeding with the trial."

This Court the went on to cull out principles as regards scope of Sections 227 and 228 of the Code, which in our view broadly apply to Sections 238 and 239 of the Code as well. It was observed thus in para 21: "Exercise of jurisdiction under Sections 227 & 228 of Cr.P.C.

21. On consideration of the authorities about the scope of Section 227 and 228 of the Code, the following principles emerge:

(i) The Judge while considering the question of framing the charges under Section 227 of the Cr.P.C. has the undoubted power to sift and weigh the evidence for the limited purpose of finding out whether or not a prima facie case against the accused has been made out. The test to determine prima facie case would depend upon the facts of each case.

(ii) Where the materials placed before the Court disclose grave suspicion against the accused which has not been properly explained, the Court will be fully justified in framing a charge and proceeding with the trial.

(iii) The Court cannot act merely as a Post Office or a mouthpiece of the prosecution but has to consider the broad probabilities of the case, the total effect of the evidence and the documents produced before the Court, any basic infirmities etc. However, at this stage, there cannot be a roving enquiry into the pros and cons of the matter and weigh the evidence as if he was conducting a trial.

(iv) If on the basis of the material on record, the Court could form an opinion that the accused might have committed offence, it can frame the charge, though for conviction the conclusion is required to be proved beyond reasonable doubt that the accused has committed the offence.

(v) At the time of framing of the charges, the probative value of the material on record cannot be gone into but before framing a charge the Court must apply its judicial mind on the material placed on record and must be satisfied that the commission of offence by the accused was possible.

(vi) At the stage of Sections 227 and 228, the Court is required to evaluate the material and documents on record with a view to find out if the facts emerging therefrom taken at their face value discloses the existence of all the ingredients constituting the alleged offence. For this limited purpose, sift the evidence as it cannot be expected even at that initial stage to accept all that the prosecution states as gospel truth even if it is opposed to common sense or the broad probabilities of the case.

(vii) If two views are possible and one of them gives rise to suspicion only, as distinguished from grave suspicion, the trial Judge will be empowered to discharge the accused and at this stage, he is not to see whether the trial will end in conviction or acquittal."

9. In our considered view, the material on record discloses grave suspicion against the respondents and the Special Court was right in framing charges against the respondents. We must also observe that the High Court was not justified in stating that Section 15 of the POC Act could not be invoked in the present case. Since the duty draw back was not actually availed, the prosecution had rightly alleged that there was

an attempt to commit offence under the relevant clauses of Section 13(1) of the POC Act. It is not the requirement of law that in order to charge an accused under Section 15 of the POC Act he must also be charged either under Section 13(1)(c) or 13(1)(d) of the POC Act. The assessment of the High Court in that behalf is not correct.

10. In our view the instant case calls for interference by this Court. We, therefore, set aside the judgment and order passed by the High Court and restore the order of the Special Court. The respondents thus continue to stand charged and must consequently face the trial. However, it must be recorded that this Court has considered the matter only from the stand point whether the respondents be discharged or not and we shall not be taken to have expressed any opinion on merits. The matter shall and must be dealt with purely on merits by the concerned court.

11. We allow this appeal in the aforesaid terms.

[1] (2005) 6 SCC 211

[2] (2010) 9 SCC 368

[3] (1909) 3 SCC 4

[4] (2002) 2 SCC 135