CUSTOMS, EXCISE & SERVICE TAX APPELLATE TRIBUNAL
BANGALORE

REGIONAL BENCH - COURT NO. 1

Customs Miscellaneous Application No. 20226 of 2026 and Customs Cross Objection No.20223 of 2022
in
Customs Appeal No. 20287 of 2022

(Arising out of Order-in-Original No.1324/2021 dated 29.12.2021 passed by the Principal Commissioner of Customs, Bengaluru.)

The Commissioner of Customs
Airport & ACC,
Air India Sats Airfreight Terminal,
Kempegowda International Airport,
Devanahalli,
Bangalore – 560 300.

Appellant(s)

VERSUS

M/s. Jubilant Generics Ltd.
No.18, 56, 57 & 58,
KIADB Industrial Area,
Nanjangud,
Mysore – 571 301.

Respondent(s)

APPEARANCE:

Shri Vikalp Jain, Superintendent (AR) for the Appellant.

Mrs. Purvi Asati with Mrs. Shradha Pandey, Advocate for the Respondent.

CORAM:

HON'BLE MR. P. A. AUGUSTIAN, MEMBER (JUDICIAL)
HON'BLE MRS. R. BHAGYA DEVI, MEMBER (TECHNICAL)

FINAL ORDER NO. 20807 / 2026

DATE OF HEARING: 11.06.2026

DATE OF DECISION: 11.06.2026

PER: R. BHAGYA DEVI

The respondent M/s. Jubliant Generics Ltd. Bangalore is a 100% Export Oriented Unit (EOU) and are manufacturer and exporter of bulk drugs. They had exported Active Pharmaceutical Ingredients (API) under the Merchandised Export Incentive Scheme (MEIS). The respondent had inadvertently failed to click 'Yes' in the check box while filling in the entries in the shipping bills; thus, the EDI system denied the export benefit. Accordingly, the respondent requested for an amendment in the shipping bill which was allowed by the Commissioner in the impugned order. Aggrieved by this, Revenue is in appeal before us.

2. The learned Authorized Representative (AR) on behalf of the Revenue submits that since belatedly the respondent had claimed conversion from free shipping bill to MEIS, the benefit cannot be extended; hence, the Commissioner should not have allowed the amendment of the shipping bill and referring to the Board Circular No.36/2010-Cus dated 23.09.2010, it is submitted that the free shipping bills cannot be allowed for conversion.

3. The learned counsels on behalf of the respondent countered the above argument on the ground that it was an inadvertent error committed by them and for *bona fide* error, they cannot be denied with the benefit of Export Incentive Scheme (MEIS). Relied on the following decisions:

- **Shah Nanji Nagsi Exports Pvt. Ltd. Vs. Union of India and Ors. 2025 (9) TMI 418 (S.C.)**
- **Union of India Vs. M/s. Suretex Prophylactics (India) Pvt. Ltd. 2024 (7) TMI 941 and**
- **M/s. Biocon Ltd. Vs. DGFT 2022 (2) TMI 23 Karnataka High Court.**

4. Heard both sides. We find that the issue is no longer *res integra* as the issue on time limit of three months for amendment of the shipping bill has been considered by the various judicial forums and held that the time limits cannot be prescribed in terms of a Board Circular when the law is silent on the same.

5. In similar a set of facts, the Hon'ble Supreme Court in the case of **Shah Nanji Nagsi Exports Pvt. Ltd. Vs. Union of India and Ors.** (supra) observed as follows:

> "10. The principal question for consideration is whether an inadvertent error in the shipping bills, which was permitted to be corrected under Section 149 of the Customs Act, can defeat an exporter's claim under the MEIS?
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> 11. This issue has received judicial consideration in a line of decisions of the Bombay High Court. In Portescap India Private Limited (supra), the Bombay High Court dealt with a similar situation where an exporter had inadvertently marked "N" (for No) instead of "Y" (for Yes) while filing shipping bills. The High Court held that such a mistake was purely procedural and, once corrected, could not extinguish substantive entitlement. The Court directed the authorities to process the claim, emphasising that the purpose of Chapter 3 of the FTP is to incentivise exports and that this object would be frustrated if inadvertent mistakes were treated as insurmountable. The ratio of Portescap (supra) is squarely applicable to the present case.
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> 12. The principle was reiterated in Technocraft Industries (India) Limited v. Union of India and Others (2023) SCC OnLine Bom 280, where the Bombay High Court again considered denial of MEIS benefits despite the shipping bills having been corrected under Section 149. The High Court noted the hardship. faced by exporters and directed the Customs and DGFT authorities to take appropriate steps to prevent recurrence of such disputes, observing that systemic rigidity cannot be allowed to defeat

substantive rights. The facts of the present case furnish an illustration of the very mischief which Technocraft (supra) sought to remedy.

13. In Larsen and Toubro Limited v. Union of India and Others (2024) SCC OnLine Bom 3565, the Bombay High Court dealt with a similar rejection of MEIS claims despite amendment under Section 149. The High Court deprecated the rejection, holding that technical or systemic constraints cannot override statutory entitlements. The High Court went to the extent of imposing costs upon the DGFT. While we do not consider it necessary to adopt that course, we find ourselves in respectful agreement with the principle enunciated that beneficial schemes must be construed liberally and that procedural lapses, once rectified, cannot be allowed to defeat substantive rights.

14. These decisions, read together, demonstrate a consistent judicial approach that distinguishes between procedural formalities and substantive entitlements. The scheme under Chapter 3 of the FTP is a beneficial one, intended to reward exporters. Once exports are genuine and fall within the notified category, inadvertent mistakes of procedure cannot be treated as fatal, especially where they are corrected under statutory authority. The rejection by the PRC, bereft of reasons and passed without hearing, falls foul of the principles of natural justice. The High Court's view that the appellant may proceed against the customs broker fails to address the statutory entitlement which accrues to the exporter under the scheme. Administrative technology must aid, not obstruct, the implementation of the law.

15. In light of the above discussion, the appeal deserves to be allowed. The judgment of the High Court dated 02.08.2021 is set aside. The rejection by the Policy Relaxation Committee is quashed. The respondents are directed to process the appellant's claim for MEIS benefit on the basis of the amended shipping bills and to pass appropriate orders in accordance with law within a period of twelve weeks from the date of this judgment."

6. In view of the above, we do not find any justification in the appeal filed by the Revenue and we uphold the decision of the Commissioner in the impugned order.

7. Revenue’s appeal is dismissed and the Cross Objection filed by the respondent stands disposed of.

(Operative portion of the order pronounced in Open Court on conclusion of hearing.)

(P. A. AUGUSTIAN)
MEMBER (JUDICIAL)

(R. BHAGYA DEVI)
MEMBER (TECHNICAL)

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