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BEFORE THE MADURAI BENCH OF MADRAS HIGH COURT

RESERVED ON : 11.09.2026

PRONOUNCED ON : 23.09.2026

CORAM

THE HONOURABLE MR. JUSTICE M.DHANDAPANI
and
THE HONOURABLE MR. JUSTICE N.DILIP KUMAR

W.A(MD)No.1441 of 2021
and
C.M.P.(MD).No.5927 of 2021

1.Zonal Additional DGFT,
Office of the Additional Director of Foreign Trade,
Shastri Bhawan, Haddown Road,
Chennai 600 006.

2.Director General of Foreign Trade,
through the Chairman, Policy Relaxation Committee,
5th Floor, Udyog Bhawan,
New Delhi 110 001.

3.Union of India,
represented by its Secretary,
Ministry of Finance,
Department of Revenue,
North Block New Delhi 110 001.

4.Development Commissioner,
Administrative Building,
MEPZ Special Economic Zone,
GST Road,
Tambaram,
Chennai 600 045. ... Appellants

Vs.

ATC Tires Private Limited,
Plot No.A-2, Sipcot Industrial Growth Centre,

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Gangaikondan,
Tirunelveli 627 352.

2.Commissioner of Customs,
New Harbour Estate,
Beach Road,
Salt Pans,
Thoothukudi 628 004. ... Respondents

Prayer: This Writ Appeal is filed under Clause 15 of Letters Patent Act, to call for the records and set aside the order dated 11.09.2020 passed in W.P.(MD).No.3489 of 2020.

For Appellants : Mr.ARL.Sundaresan
Additional Solicitor General of India
assisted by Mr.S.Ponsenthil Kumaran
Central Government senior panel counsel

For R1 : Mr.Raghavan Ramabadran

JUDGMENT

(Judgment of the Court was made by **N.DILIP KUMAR, J.**)

This writ appeal is filed by the Zonal Additional Director General of Foreign Trade and three other official respondents, who were arrayed as respondents 1, 2, 4 and 5 in the writ petition, against the order dated 11.09.2020 passed by the learned single Judge of this Court in W.P.(MD) No. 3489 of 2020.

2.The original writ petitioner is the first respondent and the Commissioner of Customs, who is the third respondent before the Writ

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Court, is the second respondent in this writ appeal.

3.For brevity and convenience, the parties are referred to as they stood before the writ Court.

4.The admitted facts in the present case are as follows:-

i) The writ petitioner is having a manufacturing facility at SIPCOT, Special Economic Zone (SEZ), Gangaikondan, Thirunelveli. The writ petitioner is engaged in the manufacture and export of tyres to various countries and during the subject period from 08.04.2019 to 09.08.2019, the writ petitioner had filed as many as 2925 shipping bills having a Free on Board value of Indian National Rupee of 542.34 Crores. The writ petitioner claims the benefits of Merchandise Exports from Indian Scheme *(in short MEIS)* for these 2925 shipping bills. The denial by the respondents is the subject matter.

ii) Under the Foreign Trade Policy, 2025-2020, Chapter III provides for export incentives like MEIS to the exporters, who are engaged in exports of notified goods/products to notified markets as listed in appendix 3B.

iii) There is a procedure prescribed under the handbook of procedure of Chapter III that has to be complied by an exporter to avail the benefit under MEIS. The requirement is that insofar as the shipping bills submitted through the electronic data interface (EDI) against the reward column of shipping bills in respect of each item, the exporter should declare the intent to claim rewards under the scheme by marking/ticking up 'Y' (for

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yes).

iv) While the writ petitioner was exporting the very same product for a very long time up to 07.04.2019, they were following the procedure of filing a physical application along with the shipping bills, having a declaration that 'we intend to claim rewards under MEIS.'

v) In the meanwhile, since 12.12.2018, during final submission, the system required the writ petitioner to select the intent in rewards column as 'Y' against at least against one export item to proceed further, as the shipping bills were signed online in the SEZ system. Thus, the writ petitioner claims that they were in the habit of selecting 'Y' against only the first item of the shipping bill in order to complete the shipping process.

vi) The Director General of Foreign Trade issued a public notice bearing No.51/2018-19 dated 29.03.219, under which online filing, processing and the system based approval of MEIS application was extended to SEZ (Special Economic Zone) shipping bills with effect from 08.04.2019.

vii) Since 08.04.2019, when the writ petitioner filed the subject 2925 shipping bills, which contained several entries and where under they have to follow the process prescribed under the handbook of procedure, they selected 'Y' against the first item of goods entered and left the remaining items un-selected, which led to the system automatically considering the same as 'N' (for No) for those remaining items. However, the writ petitioner had continued to declare the intent by recording the following declarations:-

"We intend to claim rewards under 'MEIS' on the shipping bills."

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viii) The writ petitioner realized the export proceeds and when they attempted to submit online application for claiming rewards under MEIS, they became aware that the export incentive is being calculated only for the first entry of goods in the shipping bills, against which they have entered 'Y' and it was being denied for the remaining entries of goods in the same shipping bills, against which the system automatically detected the same as 'N'. Thus, the writ petitioner was denied the export incentives amounting to a sum of INR 16,27,02,879/-.

ix) The exchange of communications between the writ petitioner and the Department was futile, compelling the writ petitioner to escalate the matter and file an application before the Policy Relaxation Committee. However, the Policy Relaxation Committee declined the request of the writ petitioner, leading to the filing of the writ petition.

x) The learned single Judge of this Court under the order impugned had allowed the writ petition and permitted the writ petitioner to make a formal request to the third respondent, namely, the Commissioner of Customs, Thoothukudi, who, in turn, was directed to issue a 'No Objection Certificate' enabling the writ petitioner to avail the benefit and also directed the third respondent to instruct NSDL (National Securities Depository Limited) to transmit all the relevant materials to the Development Commissioner, MEPZ, Tambaram, Chennai and the said officer was also

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directed to consider the claim of the writ petitioner and pass appropriate orders as expeditiously as possible. Challenging the same, the present writ appeal.

5.The learned Additional Solicitor General appearing for the appellants would submit that the failure of the writ petitioner to select 'Y' against every one of the items mentioned in the shipping bills is a lapse attributable exclusively to the writ petitioner and its employees and they are bound to suffer for such lapse. He would state that either it is a mere omission or was done with an intent is immaterial. He would argue that because of the failure of the writ petitioner to select 'Y' against all the items in the subject shipping bills, the Department never had an opportunity to select these goods for examination before they were granted 'Let Export Orders'.

6.He would also submit that because the shipping bills were filed under the EDI system, there is no amendment of the shipping bills as provided under Section 149 of the Customs Act, and after the completion of the export, it is no longer possible to carry out any amendment in the shipping bills and the goods are no longer available for the Department to carry out any mandatory checks to ensure proper compliance of the requirements.

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7.He would also submit that the decision of the Policy Relaxation Committee of the Director General of Foreign Trade does not warrant any interference in the absence of any patent illegality or perversity and when admittedly it is the writ petitioner, who had caused the serious lapse, there is no *lacuna* in the refusal of the Department to extend the benefit of MEIS.

8.Per contra, the learned counsel appearing for the writ petitioner would submit that there was a change in the procedure adopted in the manner of filing of shipping bills, for which the exporter was claiming benefits under MEIS. The writ petitioner has brought huge foreign exchange revenue to the country and they have been regularly doing the same export business of the same item of products for a very long time and the change in procedure had led to this minor lapse on the part of the exporter, which cannot lead to a penalization of the writ petitioner by denying the benefits of the scheme.

9. He would argue that no other lapse had been pointed out against the writ petitioner by the official respondents; the Commissioner of Customs had not filed any appeal against the order of the learned single Judge and they have in effect accepted the order of the learned single Judge and therefore, the argument that the goods were not made available for physical examination before issuing Let Export Orders, which would have

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been the norm, had the writ petitioner chosen to find the shipping bills under MEIS is without any substance; *Arguendo* he would state that when the writ petitioner had chosen at least the first item in all these 2925 shipping bills as 'Y' for claiming the benefit under MEIS, the Customs Authority could have very well subjected the goods exported under these shipping bills for physical examination, and when this had not been done, it is too late in the day for the Director General of Foreign Trade and his companions to raise such an argument.

10.He would also invite our attention to a series of orders passed in similar cases, wherein the Hon'ble Apex Court, this Court as well as various other Courts across the country have condoned such similar minor lapses and had directed the Department to extend the benefits given to the exporter. He would therefore pray for dismissal of this writ appeal.

11.Heard the learned counsel on either side and perused the records.

12.The facts are not in dispute. The condonation of the lapse committed on the part of the writ petitioner by the Writ Court and the direction to the Department to consider the request of the writ petitioner for grant of benefits under MEIS are the only questions that arise for consideration in this writ appeal.

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13.In a very recent judgment, the Hon'ble Apex Court in the case of ***Shah Nanji Nagsi Exports Private Limited Vs. Union of India*** reported in ***(2025) 33 Centax 360 (S.C)***, it is held that "once the exports are genuine and they fall under the notified category, the inadvertent mistakes of procedure cannot be treated as fatal, and the rejection of benefit of the beneficial scheme to the writ petitioner by the policy relaxation committee can be interfered with".

14.In the above judgment, The Hon'ble Apex Court after referring to the various precedents across the country had recorded that there is a consistent judicial approach that distinguishes between procedural formalities and substantive elements and these beneficial schemes formulated under the Foreign Trade Policy or Beneficial Schemes intended to reward exporters, and when the exports are genuine and they fall within the notified category, the inadvertent mistakes of procedure shall not be treated as fatal and the refusal of the Policy Relaxation Committee can be interfered by the writ Court.

15.Even earlier, the Hon'ble Apex Court in the judgment delivered in ***Commissioner of Customs Vs. N.C.John and Sons Private Limited*** reported in ***2022 (380) E.L.T. 241 (S.C.)*** has affirmed the decision of the Kerala High Court and concluded that if the exporter from the very

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beginning had declared the intention to claim the rewards under the MEIS and if there is any inadvertent mistake in checking the column 'N' instead of 'Y', they can be condoned.

16.There are several other judgments of the Madras High Court as well in this regard. The Co-ordinate Bench of this Court in ***the Commissioner of Customs Vs. M/S.Angel Starch and Food Private Limited*** reported in ***2022 (7) TMI 53-Madras High Court***, accepted the decision of the Gujarat High Court in ***Bombardier Transportation India Private Limited Vs. Directorate General of Foreign Trade*** reported in ***2021 (377) E.L.T. 489 (Guj.)***, wherein it has been held as under:-

> *""18.The entitlement to MEIS benefits is governed by the Chapter-III of the Foreign Trade Policy 2015-20 (FTP 2015-20) and accordingly, the scheme for the grant of the benefit will be governed thereunder. In other words, the substantive rights and obligations are created by the MEIS scheme under Chapter-III of the FTP. It also becomes apparent from para 30.4 of the Policy that once the notified goods are exported to a notified market, the exporter becomes entitled to the MEIS benefits. Thus, entitlement, restriction thereof and conditions, if any, have to be found within the letters of the Chapter-III of the FTP 2015-20. Thus, the writ-applicant becomes entitled to the MEIS benefits once it exports the notified goods to the notified market.* ***This benefit cannot be defeated due to procedural infirmity of missing to mark/tick "Y" in the rewards column****.*
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> *19. It is further submitted that the issue in the present writ application is no longer res integra. Various High Courts including*

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this Hon'ble High Court have already permitted the amendment of shipping bills that have been erroneously ticked as 'No' instead of 'Yes' in the MEIS benefit column."

17.In the light of the consistent judicial view prevailing in the subject, we do not find any other justifiable reason to deviate. Further, the Customs Authority has not filed any appeal and they have accepted the order of the Writ Court and they had not raised any grievances with regard to the lack of availability of the exported goods for physical examination and this point raised by the learned Additional Solicitor General is therefore of no significance and even otherwise, the writ petitioner has admittedly selected 'Y' against the first item of the exported goods in every one of these 2925 shipping bills and there is no difference that it would make if they had selected all the items instead of the first item, insofar as subjecting the shipping bills and its constituent goods for physical examination is concerned.

18.In the result, the Writ Appeal fails and it is dismissed. No costs. Consequently, connected Miscellaneous Petition is closed.

[M.D.I.,J] & [N.D.K.,J]
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