CASE ANALYSIS

India’s Supreme Court Quashes CBI Case Against Two Customs Officers

The Court set aside S. Gugan’s prosecution sanction and found that the chargesheet failed to show P. Kathirvel’s criminal involvement. The importers’ case continues.

By Shahbaz Shah · 26 November 2026

P. Kathirvel v. State · 2026 INSC 1280

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India’s Supreme Court ended the CBI prosecution of two customs officers over an allegation that complete air conditioners were declared as parts. The judges set aside the sanction for prosecuting customs examiner S. Gugan because it reversed an earlier refusal on the same material. They found that the chargesheet failed to show criminal culpability on the part of Assistant Commissioner P. Kathirvel. The proceedings against the importers continue. Judgment, paragraphs 12-14 and paragraphs 22-24.

What prompted the CBI case

The CBI registered the FIR in February 2012. Its case was that the importer declared complete air conditioners as parts in a bill of entry dated 2 September 2011, causing a customs revenue loss of Rs 42,05,597. It alleged collusion and named four customs officers. Kathirvel worked in the assessment unit. Gugan examined the goods at the clearance stage. Their cases reached the Supreme Court after separate Madras High Court proceedings arising from challenges under Section 482 of the Code of Criminal Procedure, 1973. Judgment, paragraphs 2-6.

The Madras High Court’s Division Bench had held Gugan’s intra-court appeal unavailable. The Supreme Court left that ruling in place. To avoid further proceedings over the old allegations, it treated his appeal as a challenge to the single judge’s order of 26 April 2018 refusing to quash the case. Judgment, paragraph 4.

Why the revised sanction failed

The Commissioner of Customs initially found insufficient material to show conspiracy, misuse of office or a quid pro quo by Gugan. The Commissioner considered his failure to return the bill of entry for reassessment capable of attracting departmental action. The matter went to the Central Vigilance Commission, which agreed with the CBI and the Chief Vigilance Officer without giving reasons. The Commissioner then granted sanction on 30 September 2013. Judgment, paragraphs 7-9.

The Supreme Court applied *State of Himachal Pradesh v. Nishant Sareen*, (2010) 14 SCC 527. A competent authority can reconsider a refusal when investigators obtain fresh material and place it before that authority. Here, the Commission's intervention supplied no new material to support a different decision. The CBI also argued that the procedure in the Vigilance Manual had not been followed. The bench set aside the sanction and declined to send the old matter back for fresh consideration. Judgment, paragraphs 10-14.

Why the chargesheet failed against Kathirvel

Kathirvel's case turned on what the record showed about his own role. The clearance flow chart showed that assessment took place before the physical examination of the goods. Kathirvel had directed examination. If the declaration proved inaccurate at that stage, the bill was supposed to return to the assessment unit. The CBI did not dispute the flow chart through a counter-affidavit. Judgment, paragraphs 17-21.

The bill of lading described the cargo as air conditioners. The chargesheet gave no support for its assertion that Kathirvel acted deliberately. The Court said any lapse in his duty to check goods could have been pursued departmentally. The material gave no basis to infer criminal culpability, and the judges quashed C.C. No. 1 of 2024 against Kathirvel and Gugan before the Principal Special Judge in Chennai. Judgment, paragraphs 22-25.

For another decision on how a procedural defect can affect a criminal case, see the journal's analysis of Deepti Singh's protest-petition challenge.

Official court PDF · Supreme Court judgment list.

Frequently asked questions

Can a prosecution sanction be reconsidered after refusal?

Yes, if the investigators obtain fresh material and place it before the competent authority. The Court held that a change of view on the same material did not justify the sanction granted in Gugan's case. Judgment, paragraphs 11-14.

Why did the Court quash the case against P. Kathirvel?

The chargesheet did not substantiate its claim of deliberate involvement. The record placed examination with another unit and showed that the bill did not return to Kathirvel for reassessment. Judgment, paragraphs 19-23.

What did the Court do about the sanction against S. Gugan?

It set aside the sanction order of 30 September 2013 and directed that Gugan face no proceedings in this prosecution. Judgment, paragraph 14.

What happens to the case against the importers?

The Court directed that the case against the importers proceed according to law. Its observations about the two officers leave the importers' case for the trial court. Judgment, paragraphs 23-25.