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* **IN THE HIGH COURT OF DELHI AT NEW DELHI**

% ***Date of Decision: 04.08.2026***

\+ W.P.(C) 8397/2026, CM APPL. 39398/2026 & CM APPL. 39399/2026

HOLITECH INDIA PRIVATE LIMITED .....Petitioner
Through: Mr. Ankur Jain, Mr. Pranav Ojha and Mr. Samay Jain,

versus

UNION OF INDIA & ORS. ....Respondents
Through: Mr. Varun Mishra SPC with Mr. Ashar Hussain Advs. for R4 & 6.
Mr. Anurag Ojha, SSC Mr. Dipak Raj, Mr. Aryaman Singh Chouhan, and Mr. Aditya Chaudhary, Advs.

CORAM:
HON'BLE MR. JUSTICE ANIL KSHETARPAL
HON'BLE MR. JUSTICE SHAIL JAIN

ORDER (ORAL)

ANIL KSHETARPAL, J.:

1. By way of the present Writ Petition, the Petitioner seeks to assail the communications both dated 17.04.2026 issued by the Interim Board for Settlement-I, Delhi, whereby the settlement proceedings initiated by the Petitioner under Chapter XIVA of the Customs Act, 1962 ['Customs Act'] have been treated as having abated under Section 127C(12) of the Customs Act. The Petitioner further prays for an appropriate interpretation of Section 127C(12) of

the Customs Act to the effect that the period during which the Interim Board remained non-functional and incapable of exercising jurisdiction for want of quorum ought to be excluded while computing the statutory period prescribed for disposal of the pending settlement proceedings.

2. The controversy in the present Petition is whether the Petitioner's settlement proceedings could have been treated as abated under Section 127C(12) of the Customs Act, 1962 when the Interim Board itself had admittedly ceased to function for want of quorum, resulting in its inability to pronounce orders despite the proceedings having been finally heard and reserved for orders.

FACTUAL MATRIX:

3. In order to appreciate the controversy involved in the present Petition, the relevant facts, in brief, are required to be noticed.

4. The Petitioner is engaged in the business of import of components used in the manufacture of cellular mobile phones and allied products. Pursuant to an investigation conducted by the Directorate of Revenue Intelligence ['DRI'], two separate Show Cause Notices, both dated 21.09.2023, came to be issued against the Petitioner by the jurisdictional customs authorities.

5. While the first Show Cause Notice No. 27/2023-24SJ/PC/ACC-IMPORT dated 21.09.2023 alleged wrongful availment of the benefit of Customs Notification No. 57/2017-Cus coupled with incorrect classification of imported goods during the period May, 2019 to

September, 2021, the second Show Cause Notice bearing C. No. VIII(30)CUS/EPC-II/N/Holitech/SCN/53/2023 dated 21.09.2023 pertained to the alleged non-payment of differential customs duty on unutilised/rejected goods under the Customs (Import of Goods at Concessional Rate of Duty) Rules, 2017.

6. With a view to avail the statutory mechanism of settlement contemplated under Chapter XIVA of the Customs Act and to bring the aforesaid disputes to an expeditious resolution, the Petitioner initially filed Settlement Application Nos. 6141-6146/2024 under Section 127B of the Customs Act. The said applications, however, were not admitted by the then Customs and Central Excise Settlement Commission *vide* order dated 02.05.2024, while granting liberty to the Petitioner to file fresh settlement applications upon fulfilment of the requisite statutory requirements. Pursuant thereto, the Petitioner instituted fresh Settlement Application Nos. 6152-6155/2024 on 14.08.2024 and a further Settlement Application No. 6168/2025 on 19.03.2025, which were admitted and thereafter proceeded with in accordance with law.

7. During the pendency of the aforesaid settlement proceedings, Chapter XIVA of the Customs Act underwent substantial amendments by virtue of the Finance Act, 2025, which came into force with effect from 29.03.2025. Consequent thereto, the erstwhile Settlement Commission stood replaced by the Interim Board for Settlement, and all pending settlement applications, including those preferred by the Petitioner, stood statutorily transferred to the Interim Board for Settlement-I, Delhi, to be dealt with from the stage at which the

proceedings then stood.

8. The transferred settlement applications were thereafter taken up by the Interim Board for Settlement-I, Delhi. A joint personal hearing was conducted on 22.08.2025, wherein the Petitioner, the co-applicants, as well as the concerned departmental representatives were heard at length. Upon conclusion of the hearing, the matters were reserved for orders. It is not in dispute that the Petitioner also furnished such additional written submissions as were called for by the Interim Board. Thus, by the said stage, nothing further remained to be done on the part of the Petitioner insofar as the settlement proceedings were concerned.

9. Before any final orders could be pronounced, one of the Members constituting the Interim Board for Settlement-I, Delhi retired from service on 30.09.2025. As a consequence, with effect from 01.10.2025, the Interim Board admittedly ceased to possess the requisite quorum and became incapable of proceeding further with the pending settlement proceedings or of rendering a final decision thereon.

10. It is an admitted position that despite the aforesaid loss of quorum, no steps were taken for a considerable period to restore a duly constituted Interim Board capable of exercising jurisdiction under Chapter XIVA of the Customs Act. In view thereof, the Petitioner addressed a communication dated 02.03.2026 seeking information regarding the status of the pending settlement applications. In response, the office of the Interim Board, *vide*

communication dated 12.03.2026, expressly informed the Petitioner that the settlement applications remained pending for disposal "*for want of quorum since 01.10.2025*".

11. Proceeding on the basis that the statutory period prescribed for disposal of the pending settlement applications had expired on 08.04.2026, the Interim Board, *vide* the impugned communications both dated 17.04.2026, informed the Petitioner as well as the jurisdictional customs authorities that the settlement proceedings stood abated with effect from 08.04.2026 on the ground that no orders under Section 127C(5) of the Customs Act could be passed within the period prescribed under Section 127C(12) read with Section 127C(8A) of the Customs Act "*for want of quorum.*" The said communications further stated that the jurisdictional adjudicating authorities were at liberty to proceed with the adjudication of the respective Show Cause Notices in accordance with law.

12. Aggrieved by the aforesaid communications and the consequential abatement of the settlement proceedings, despite the admitted position that the Interim Board itself had remained non-functional and legally incapable of exercising jurisdiction for want of quorum after the conclusion of the final hearing, the Petitioner has invoked the extraordinary writ jurisdiction of this Court under Articles 226 and 227 of the Constitution of India.

13. <u>SUBMISSIONS ON BEHALF OF THE PETITIONER:</u>

13.1. Learned counsel for the Petitioner submitted that the impugned communications dated 17.04.2026 are wholly unsustainable in law as the settlement proceedings came to be treated as abated solely on account of the Interim Board for Settlement-I, Delhi having become non-functional for want of quorum. It was contended that the Petitioner had duly invoked the statutory settlement mechanism under Chapter XIVA of the Customs Act, the settlement applications stood admitted, the proceedings were heard finally on 22.08.2025, the additional written submissions sought by the Interim Board were duly furnished, and the matters were thereafter reserved for orders. Consequently, the Petitioner had fully discharged every obligation cast upon it under the statutory settlement proceedings.

13.2. It was further submitted that the Interim Board itself had, *vide* communication dated 12.03.2026, expressly acknowledged that the settlement applications remained pending "*for want of quorum since 01.10.2025*". Thereafter, the very same circumstance, namely the absence of quorum, formed the basis of the impugned communications dated 17.04.2026 declaring that the settlement proceedings stood abated. It was submitted that the Respondents, having themselves failed to ensure the continued functionality of the statutory adjudicatory forum, could not deprive the Petitioner of the statutory remedy of settlement on account of such institutional incapacity.

13.3. It was submitted that Section 127C(12) of the Customs Act cannot be construed in a purely literal or mechanical manner so as to bring about an automatic abatement of settlement proceedings where the statutory authority itself had become incapable of functioning. It was contended that the statutory period prescribed for disposal of the settlement applications necessarily presupposes the existence of a duly constituted Interim Board competent to hear and decide the proceedings. According to the learned counsel, where the Interim Board remained legally incapable of exercising its jurisdiction for want of quorum, the period during which such incapacity continued is liable to be excluded while computing the period prescribed under Section 127C(12) of the Customs Act.

13.4. It was further submitted that the failure of the Interim Board to pronounce its decision within the prescribed period was occasioned entirely by circumstances beyond the control of the Petitioner. Learned counsel argued that, having duly prosecuted the settlement proceedings, complied with all statutory requirements, and participated in the final hearing, the Petitioner could not be deprived of the valuable statutory remedy of settlement merely because the competent adjudicatory forum ceased to function owing to administrative circumstances attributable to the Respondents.

13.5. Learned counsel further relied upon the well-settled principle that *an act of the Court shall prejudice no person*, contending that the said doctrine applies with equal force to statutory adjudicatory authorities. It was submitted that where the adjudicatory process remained inconclusive solely because the forum itself became incapable of exercising jurisdiction, the resulting prejudice could not be visited upon a diligent litigant. According to the learned counsel, any interpretation of Section 127C(12) permitting such a consequence would defeat the very object underlying the statutory settlement mechanism.

13.6. It was also submitted that the expression "*no order under sub-section (5) has been passed*" occurring in Section 127C(12) cannot be read in isolation but must receive a contextual construction consistent with the scheme of Chapter XIVA of the Customs Act. It was contended that the consequence of abatement is attracted only where the competent authority, despite being in a position to exercise its jurisdiction, fails to pass an order within the prescribed period. According to the learned counsel, the provision was never intended to operate where no order could be pronounced because the Interim Board itself had ceased to be legally competent to function for want of the statutory quorum.

14. <u>SUBMISSIONS ON BEHALF OF THE RESPONDENTS:</u>

14.1. *Per contra*, learned counsel for the Respondents submitted that the impugned communications dated 17.04.2026 merely record the statutory consequence flowing from Section 127C(12) of the Customs Act. It was contended that the provision is couched in mandatory terms and unequivocally provides that where no order under Section 127C(5) is passed within the period stipulated under Section 127C(8A), the settlement proceedings shall abate on the expiry of such period. According to the learned counsel, once the prescribed period expired without any final order having been passed, the abatement of the proceedings followed automatically by operation of law, leaving no discretion either with the Interim Board or with this Court to direct otherwise.

14.2. It was further submitted that the scheme of Chapter XIVA of the Customs Act prescribes strict timelines for every stage of the settlement process. According to the learned counsel, the period specified under Section 127C(12) constitutes an absolute statutory limitation, and the statute does not confer any power upon the Interim Board or upon any other authority to extend, suspend, or exclude any part of the prescribed period on account of administrative difficulties, including the absence of quorum.

14.3. It was further contended that where the language employed by the legislature is plain and unambiguous, the Court cannot read into the statute an exception which the legislature has consciously omitted to provide. It was submitted that Section 127C(12) does not carve out any exception for circumstances where the Interim Board becomes non-functional for want of quorum. Consequently, it was argued that accepting the interpretation advanced by the Petitioner would amount to supplying words to the statute and rewriting the legislative scheme under the guise of purposive interpretation, which is impermissible in law.

14.4. It was also submitted that the doctrine *actus curiae neminem gravabit*, relied upon by the Petitioner, has no application to the facts of the present case. According to the learned counsel, the abatement of the settlement proceedings was not brought about by any judicial act or omission but ensued directly by operation of the statutory mandate contained in Section 127C(12) of the Customs Act. It was, therefore, contended that equitable considerations or general principles of fairness cannot override the express consequences prescribed by the legislature.

14.5. It was further argued that once the settlement proceedings stood abated by operation of law, the jurisdiction of the Interim Board came to an end and the jurisdictional adjudicating authorities became competent to proceed with the adjudication of the pending Show Cause Notices in accordance with law. It was submitted that the impugned communications dated 17.04.2026 neither determine any substantive rights of the parties nor constitute independent adjudicatory orders, but merely communicate the legal consequence which had already ensued under Section 127C(12) of the Customs Act.

ANALYSIS & FINDINGS:

15. This Court has heard the learned counsel appearing on behalf of the parties at considerable length and carefully perused the record. The principal question which arises for consideration is whether Section 127C(12) of the Customs Act mandates automatic abatement of settlement proceedings even where the competent statutory authority itself had become legally incapable of deciding the proceedings for want of quorum, or whether the period during which such institutional incapacity continued deserves to be excluded while computing the statutory period prescribed for disposal of the settlement applications.

16. Before examining the rival submissions advanced on behalf of the parties, it would be apposite to notice the statutory framework governing settlement of cases under the Customs Act.

17. Chapter XIVA constitutes a complete code governing settlement of customs disputes. The legislative object underlying the

Chapter is twofold, namely, to provide an expeditious and conclusive resolution of disputes through the mechanism of settlement while simultaneously ensuring timely recovery of legitimate revenue. It is in furtherance of this objective that the legislature has prescribed definite timelines governing the various stages of the settlement proceedings.

18. Since the controversy in the present Petition centres around the interpretation of Section 127C of the Customs Act, it would be apposite to reproduce the relevant statutory provisions:

> *"127C. Procedure on receipt of an application under section 127B –*
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> *(5) After examination of the records and the report of the Principal Commissioner of Customs or Commissioner of Customs received under sub-section (3), and the report, if any, of the Commissioner (Investigation) of the Settlement Commission under sub-section (4), and after giving an opportunity to the applicant and to the Principal Commissioner of Customs or Commissioner of Customs having jurisdiction to be heard, either in person or through a representative duly authorised in this behalf, and after examining such further evidence as may be placed before it or obtained by it, the Settlement Commission may, in accordance with the provisions of this Act, pass such order as it thinks fit on the matters covered by the application and any other matter relating to the case not covered by the application, but referred to in the report of the Principal Commissioner of Customs or Commissioner of Customs and Commissioner (Investigation) under sub-section (3) or sub-section (4).*
>
> *(5A) The Settlement Commission may, at any time within three months from the date of passing of the order under sub-section (5), amend such order to rectify any error apparent on the face of record, either suo motu or when such error is brought to its notice by the jurisdictional Principal Commissioner of Customs or Commissioner of Customs or the applicant:*
>
> *Provided that no amendment which has the effect of enhancing the liability of the applicant shall be made under this sub-section, unless the Settlement Commission has given notice of such intention to the applicant and the jurisdictional Principal Commissioner of Customs or Commissioner of Customs as the case may be, and has given them a reasonable opportunity of being heard.*

(7) Subject to the provisions of section 32A of the Central Excise Act, 1944 (1 of 1944), the materials brought on record before the Settlement Commission shall be considered by the Members of the concerned Bench before passing any order under sub-section (5) and, in relation to the passing of such order, the provisions of section 32D of the Central Excise Act, 1944 shall apply.

(8) The order passed under sub-section (5) shall provide for the terms of settlement including any demand by way of duty, penalty or interest, the manner in which any sums due under the settlement shall be paid and all other matters to make the settlement effective and in case of rejection contain the reasons therefore and it shall also provide that the settlement shall be void if it is subsequently found by the Settlement Commission that it has been obtained by fraud or misrepresentation of facts:

Provided that the amount of settlement ordered by the Settlement Commission, shall not be less than the duty liability admitted by the applicant under section 127B.

(8A) The order under sub-section (5) shall be passed within a period of nine months from the last day of the month in which the application under section 127B is made, and if, no order is passed within the said period, the settlement proceedings shall abate, and the adjudicating authority before whom the proceeding at the time of making the application was pending shall dispose of the application in accordance with the provisions of this Act as if no application under the said section had been made:

Provided that the period specified under this sub-section may, for reasons to be recorded in writing, be extended by the Settlement Commission for a further period not exceeding three months:

Provided further that in respect of any application pending under sub-section (5) as on the date on which the Finance Bill, 2023 receives the assent of the President, the said period of nine months shall be reckoned from the date on which the said Finance Bill receives the assent of the President.

(11) On and from the 1st day of April, 2025,— (a) the provisions of sub-sections (2), (3), (4), (5), (5A), (7), (8) and (8A) shall apply to pending applications with the modification that for the words "Settlement Commission", wherever they occur, the words "Interim Board" shall be substituted;

(b) in sub-section (3), for the words "seven days from the date of order", the words "seven days from the date of receipt of the order" shall be substituted;

(c) in sub-section (7), for the word "Bench", the words "Interim Board" shall be substituted;

(d) the provisions of sub-section (10) shall have effect as if for the words "Settlement Commission", the words "Settlement Commission or the Interim Board" had been substituted.

(12) Notwithstanding anything contained in this section, the Interim Board may, within three months from the date of its constitution under section 31A of the Central Excise Act, 1944, for the reasons to be recorded in writing, extend the time limit referred to in sub-section (8A), by such further period not exceeding twelve months from the date of such constitution."

19. A careful reading of the above provisions demonstrates that the settlement mechanism is a carefully structured, stage-wise statutory process. Every stage commencing from admission of the settlement application, calling for reports from the jurisdictional Commissioner, directing further investigation wherever necessary, granting opportunity of hearing to the parties, passing of the settlement order, rectification thereof, and eventual implementation of the settlement has been specifically regulated by the legislature. The legislative emphasis throughout the provision is upon expeditious disposal of settlement proceedings within the timelines prescribed under the statute.

20. There is no dispute between the parties with regard to the existence or the mandatory nature of the timelines prescribed under Section 127C. Equally, there is no dispute that the legislature intended settlement proceedings to attain finality within the period stipulated under the statute. The controversy, however, lies elsewhere. The precise question requiring determination is whether the statutory period prescribed under Section 127C(8A), read with Section 127C(12), continues to run even during a period when the Interim

Board itself stood rendered incapable of exercising its statutory jurisdiction for want of quorum, or whether such period deserves to be excluded while computing the limitation prescribed for disposal of the settlement applications.

21. In the considered opinion of this Court, the answer to the aforesaid question must necessarily be found by reading Section 127C as a whole and not by isolating sub-section (8A) or sub-section (12) from the remainder of the statutory scheme. It is a settled principle of statutory interpretation that every provision of a statute must receive a construction consistent with the object, purpose and scheme of the enactment, and that no single provision can be construed divorced from the context in which it occurs. Equally well settled is the principle that where two constructions are reasonably possible, the Court ought to prefer that interpretation which advances the object of the legislation and avoids consequences which are manifestly arbitrary, or incapable of practical implementation.

22. The scheme of Section 127C itself demonstrates that the statutory timelines are dependent upon the continued existence of a duly constituted adjudicatory forum capable of exercising the jurisdiction conferred upon it by law. The legislature has not merely prescribed a period within which the settlement proceedings are to conclude; it has simultaneously cast corresponding statutory obligations upon the Settlement Commission, and subsequently upon the Interim Board, to examine the material placed before it, afford an opportunity of hearing to the applicant as well as the jurisdictional Commissioner, evaluate the reports received under the Act, and

thereafter pass an order under Section 127C(5). Thus, the statutory timeline does not operate in isolation. It proceeds on the underlying legislative assumption that the statutory authority entrusted with the adjudicatory function remains legally competent to discharge the duties imposed upon it.

23. It is equally significant to notice that the consequence of abatement contemplated under Section 127C(8A) follows upon the failure to pass an order within the prescribed period. The provision, however, cannot be divorced from the context in which such failure occurs. There exists an obvious distinction between a case where the competent authority, despite being duly constituted and fully capable of exercising jurisdiction, fails to decide the settlement proceedings within the stipulated period, and a case where no order could possibly have been passed because the statutory forum itself had become incapable of functioning for reasons wholly beyond the control of the applicant. To treat these two fundamentally different situations as constituting one and the same class would ignore the statutory context in which the provision operates.

24. The present case unmistakably falls within the latter category. It is not the case of the Respondents that the Petitioner contributed in any manner to the delay in disposal of the settlement proceedings. On the contrary, the factual position remains undisputed that the settlement applications had already been admitted, the parties had been heard at length on 22.08.2025, the additional written submissions sought by the Interim Board had also been furnished, and nothing further remained to be done on the part of the Petitioner. Before the

reserved matters could be decided, one of the Members of the Interim Board retired on 30.09.2025, whereupon the Interim Board admittedly ceased to possess the statutory quorum with effect from 01.10.2025. Indeed, the Respondents themselves acknowledged, by communication dated 12.03.2026, that the settlement applications remained pending solely "*for want of quorum since 01.10.2025*."

25. Once the aforesaid factual position is accepted, the inevitable consequence is that the Interim Board had become legally incapable of discharging the statutory functions entrusted to it under Section 127C. The inability to pronounce the final order was, therefore, not the result of any omission, inaction or default attributable either to the Petitioner or even to the adjudicatory process itself. Rather, it arose because the statutory forum ceased to possess the minimum legal composition necessary to exercise its jurisdiction. A body which lacks the quorum prescribed by law cannot validly undertake any adjudicatory function, much less pronounce a final order determining substantive rights of the parties.

26. The submission advanced on behalf of the Respondents proceeds upon a purely literal reading of Section 127C(8A). According to the Respondents, once no order stood passed within the prescribed period, the consequence of abatement necessarily followed by operation of law, irrespective of the reasons which prevented the Interim Board from rendering its decision. Attractive though the submission may appear at first blush, this Court is unable to persuade itself to accept such an interpretation.

27. Acceptance of the aforesaid submission would lead to consequences which the legislature could never have intended. It would mean that notwithstanding the complete absence of a legally constituted Interim Board competent to exercise jurisdiction, the statutory clock would continue to run against the applicant. In other words, although the applicant would possess no means whatsoever to secure disposal of the settlement proceedings, and although the statutory authority itself would remain incapable of performing the duties cast upon it by law, the applicant would nevertheless suffer the drastic consequence of abatement solely because the prescribed period expired during such institutional incapacity. Such an interpretation would render the statutory remedy of settlement dependent not upon the diligence of the applicant or the discharge of statutory functions by the adjudicatory authority, but upon administrative contingencies entirely beyond the control of either.

28. In the considered opinion of this Court, the period prescribed under Section 127C(8A), as extended in terms of Section 127C(12), necessarily contemplates a period during which the Interim Board is legally capable of exercising the jurisdiction vested in it under the Act. The expression "*no order is passed within the prescribed period*" cannot be understood to include a situation where the Interim Board itself had ceased to exist as an effective adjudicatory forum on account of the absence of the statutory quorum. The legislature could never have intended that time should continue to run even during a period when the statutory authority had become legally disabled from passing any order whatsoever. Consequently, while computing the period

prescribed under Section 127C(8A) read with Section 127C(12), the period during which the Interim Board remained non-functional for want of quorum necessarily deserves to be excluded.

29. This conclusion also accords with the settled principle that a statutory provision must receive a construction which makes its operation workable and advances the purpose sought to be achieved by the legislature. The interpretation canvassed by the Respondents would render the statutory timelines incapable of fair application in situations where the adjudicatory forum itself becomes legally incapable of functioning. It is difficult to attribute to the legislature an intention that a litigant, who has diligently pursued the statutory remedy available under the Act and has fulfilled every obligation cast upon him, should nevertheless lose that very remedy solely because the statutory authority entrusted with deciding the proceedings ceased to possess the legal competence to function. Such an interpretation would not advance the object of Chapter XIVA but would, on the contrary, defeat it.

30. Equally, this Court finds no merit in the contention that exclusion of the period during which the Interim Board remained non-functional would amount to rewriting the statute. Courts do not rewrite legislation when they construe a statutory provision in a manner consistent with its object, scheme and practical operation. The exercise undertaken by this Court is not one of adding words to the statute, but of identifying the conditions which are necessarily implicit in the working of the statutory framework itself. The requirement that the prescribed period must be a period during which the Interim Board

is legally capable of exercising its jurisdiction flows naturally from the scheme of Section 127C and is indispensable for giving meaningful effect to the legislative intent underlying the settlement mechanism.

31. The above interpretation is also consistent with settled principles governing statutory limitation. Unless the statute expressly provides otherwise, time cannot be permitted to run against a litigant during a period when the authority entrusted with adjudication is itself legally disabled from exercising its jurisdiction. Section 127C contains no express indication that the legislature intended such a consequence. The interpretation adopted by this Court, therefore, harmonises the statutory timeline with the practical operation of the adjudicatory mechanism established under Chapter XIVA.

32. This Court is, therefore, of the considered opinion that the period commencing from 01.10.2025, when the Interim Board admittedly ceased to possess the requisite quorum, could not have been taken into account while computing the period prescribed under Section 127C(8A), as extended under Section 127C(12), of the Customs Act. In the facts of the present case, and particularly having regard to the impugned communications dated 17.04.2026 whereby the settlement proceedings were treated as having abated, the ends of justice would be served by directing that, in the case of the Petitioner, the entire period commencing from 01.10.2025 and continuing till the date of this judgment shall stand excluded while computing the aforesaid statutory period. Once such period is excluded, the foundation on which the impugned communications dated 17.04.2026 proceed, namely, that the statutory period had expired on 08.04.2026,

no longer survives.

33. This Court is also unable to accept the submission advanced on behalf of the Respondents that the impugned communications merely record a consequence which had already ensued by operation of law. Whether the settlement proceedings stood abated by operation of Section 127C(8A) necessarily depends upon the correct computation of the period prescribed under the statute. Once this Court has held that the period during which the Interim Board remained incapable of exercising jurisdiction for want of quorum is liable to be excluded, the very premise on which the impugned communications proceed ceases to exist. Consequently, the question of abatement by operation of law does not arise at all. The communications dated 17.04.2026 are, therefore, not merely declaratory in nature; they proceed upon an erroneous understanding of the statutory scheme and cannot be sustained.

34. It also deserves notice that the interpretation adopted herein neither enlarges nor curtails the period prescribed by the legislature. The statutory timeline continues to operate with full rigour. The only consequence of the present interpretation is that the period during which the Interim Board remained legally disabled from exercising the jurisdiction vested in it is excluded while computing the prescribed period. The applicant does not thereby secure any additional advantage beyond that which the statutory scheme itself contemplates, namely, consideration of the settlement application by a duly constituted adjudicatory forum within the period available after excluding the duration during which the Interim Board remained

incapable of exercising jurisdiction.

35. Any other interpretation would produce the anomalous result that although the settlement applications had been duly admitted, the parties had been heard, the proceedings had been reserved for orders, and nothing further remained to be done on the part of the applicant, the entire settlement proceedings would nevertheless stand extinguished solely because the statutory authority itself became incapable of functioning. Such a consequence would not only defeat the very object of the settlement mechanism but would also permit an administrative inability to render the statutory remedy itself illusory. The Court must avoid an interpretation which leads to such unreasonable consequences when the statutory language is reasonably capable of bearing a construction consistent with the legislative purpose.

36. The inevitable consequence of the aforesaid interpretation is that the settlement proceedings initiated by the Petitioner did not abate on 08.04.2026. During the pendency of the present proceedings, it has also been brought to the notice of this Court that the office of the Principal Chief Commissioner of CGST & CX, Delhi Zone, which had fallen vacant upon the retirement of the concerned Member on 30.09.2025, has since been filled by virtue of Office Order No. 49/2026 dated 09.04.2026 issued by the Central Board of Indirect Taxes and Customs. It is not disputed before this Court that the Interim Board for Settlement-I, Delhi now stands duly constituted and possesses the requisite quorum to proceed with the pending settlement proceedings in accordance with law.

CONCLUSION:

37. Consequently, the impugned communications both dated 17.04.2026, whereby the settlement proceedings initiated by the Petitioner have been treated as having abated under Section 127C of the Customs Act, cannot be sustained and are accordingly set aside.

38. It is declared that, for the purposes of computing the period prescribed under Section 127C(8A), as extended in terms of Section 127C(12) of the Customs Act, the entire period commencing from 01.10.2025, when the Interim Board for Settlement-I, Delhi became incapable of functioning for want of the requisite quorum, and continuing till the date of this judgment shall stand excluded in the case of the Petitioner. Consequently, the settlement proceedings initiated by the Petitioner shall not be treated as having abated on account of the expiry of the statutory period during the aforesaid period.

39. Since the Interim Board for Settlement-I, Delhi is now duly constituted and possesses the requisite quorum, it shall proceed with the Petitioner's pending settlement applications from the stage at which they stood immediately prior to the issuance of the impugned communications dated 17.04.2026 and decide the same expeditiously in accordance with law.

40. It is clarified that this Court has expressed no opinion whatsoever on the merits of the settlement applications or upon the rival claims of the parties arising out of the Show Cause Notices. All questions on the merits of the settlement proceedings are left open to

be considered by the Interim Board in accordance with law.

41. The present Writ Petition is, accordingly, allowed in the aforesaid terms. The pending applications also stand closed.

ANIL KSHETARPAL, J.

SHAIL JAIN, J.

AUGUST 04, 2026
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