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

\+ LPA 1219/2024 & CM APPL. Nos. 73956-57/2024

MR. S.C. GUPTA ....Appellant

Through: Mr Dushyant K Mahant, Advocate with petitioner.

versus

UNION OF INDIA & ANR. .....Respondents

Through: Mr Vijay Joshi, Advocate for R-1.

CORAM:
HON'BLE THE ACTING CHIEF JUSTICE
HON'BLE MR. JUSTICE TUSHAR RAO GEDELA

O R D E R

% **17.12.2024**

1. The appellant has filed the present intra court appeal seeking to set aside the order dated 29.10.2024 (hereafter *the impugned order*) passed by the learned Single Judge in W.P.(C) 14658/2024 whereby the writ petition [being W.P.(C) 14658/2024] filed by the appellant was dismissed. In the alternative, it seeks setting aside of the order of the Centralised Public Grievance Redress and Monitoring System (CPGRAMS) dated 23.07.2024 and remanding the matter back to CPGRAMS to decide the matter afresh after giving the appellant an opportunity to present his case.

2. It is the case of the appellant that he furnished essential information regarding sale of non-duty-paid goods by a company, leading to the clandestine removal of goods without duty payment. The appellant claims that this critical information on substantial tax evasion directly facilitated the recovery of unpaid dues by the respondents. It is the appellant's case

that he is entitled to the maximum permissible reward under the relevant guidelines, that is, The Guidelines for Grant of Reward to Informers and Government Servants, 2015 (hereafter *the Reward Guidelines*).

3. The appellant states the defaulting company availed the benefit of Sabka Vishwas (Legacy Dispute Resolution) Scheme, 2019 and settled the matter with the respondents by paying 50% of the duty demand, amounting to ₹11.94 crores. The appellant claims that he is entitled to 20% of the said amount as a reward based on such recovery. However, the respondents disbursed only 2% of the claimed reward amount, that is, ₹25 lakhs.

4. Being aggrieved by the inadequate reward amount, the appellant made various representations to the respondents, which were not acceded to. Consequently, the appellant made as complaint and also filed an appeal with CPGRAMS. It is the case of the appellant that *vide* order dated 18.06.2024, the DGCEI, West Block, R.K. Puram, New Delhi, closed the case without giving the appellant any hearing. Thereafter, CPGRAMS closed the appeal of the appellant by an order dated 23.07.2024. This has led the appellant to file the petition in this court [W.P.(C) 14658/2024].

5. However, the writ petition of the appellant was dismissed by the learned Single Judge *vide* the impugned order dated 29.10.2024 holding that rewards under Reward Guidelines are in the nature of *ex gratia* payments and thus, lie within the discretion of the Competent Authority.

6. The learned counsel for the appellant primarily focused his submissions to challenge the impugned order of the learned Single Judge on two fronts. First, that the Reward Guidelines contemplated reward to the extent of 20%, but the appellant was granted only 2% of the amount recovered. He submits that the same is arbitrary, unjust and violative of the

conditions of the Reward Guidelines. Second, that the principles of natural justice have been violated inasmuch as the appellant was not afforded an opportunity of hearing before the Competent Authority, that is the DGCEI, who rejected his representation.

7. We have heard the learned counsel for the appellant and also examined the impugned order.

8. It is clear that the Reward Guidelines provides for grant of reward to the informers and government servants in respect of cases of seizures made and/or infringements/evasion of duty/Service Tax etc. under the provisions of certain Acts. In terms of Clause 5.1.1, the informers and government servants are eligible for reward upto 20% of the net sale proceeds of the contraband goods seized and/or amount of duty/Service Tax evaded plus amount of fine and penalty levied/imposed and recovered. The plain language dissuades this court from accepting that in all cases, a grant of reward of 20% of the recovery referred to in Clause 5.1.1 above, is mandatory or necessary. The language of the said clause amply demonstrates that the Competent Authority has sufficient room to take an informed decision as to the quantum of the reward.

9. It is also relevant to refer to Clause 3.3.1 of the said Reward Guidelines, which indicates the criteria to be followed for grant of reward. Clause 3.3.1 reads thus:

> *"**3.3.Criteria for grant of reward**:- in determining the reward which may be granted, the authority competent to grant reward will keep in mind the following:-*
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> *xxx xxx xxx*
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> ***3.3.1 In cases of collection of information / intelligence, in respect of cases of seizure made out/or infringements/evasion of duty/service tax etc**:- The specificity and accuracy of the*

information, the risk and trouble undertaken, the extent and nature of the help rendered by the informer, whether information gives clues to persons involved in smuggling, infringements, evasion of duty, service tax or their associates etc., the risk involved for the Government Servants in working out the case, the difficulty in securing the information, the extent to which the vigilance of the staff led to the seizure, detection of infringements/evasion of duty/service tax, special initiative, efforts and skills/ingenuity displayed leading to the recovery of Government dues during the course of investigation admitting their liability by way of voluntary deposit and whether, besides the seizure of contraband goods/detection of infringements/evasion of duty/service tax, the owners/organizers/ financiers/racketeers as well as the carriers have been apprehended or not. The reward has to be case specific and not to be extended, in respect of other cases made elsewhere/against other parties on the basis of a similar modus operandi. However, the Government Servants will be entitled for reward as per the normal guidelines when they book a case in their jurisdiction on the basis of modus operandi circulars issued by the Board/DRl/DGCEI."

10. It is clear from the above that it is not in every case of information divulged by an informer or a government servant that a reward of 20% is to be granted. In fact, the parameters for such grant have been clearly specified in the above Clause. The reasoning of the learned Single Judge in paragraph no. 8 of the impugned judgement succinctly interprets the parameters laid down in Clause 3.3.1 and we concur with the same. Paragraph no. 8 of the impugned order reads as under:-

"8. The aforenoted clause provides a discretionary framework permitting the competent authority to evaluate the unique aspects of each case rather than conferring a prescriptive or automatic entitlement to a fixed percentage of the recovery. Under Clause 3.3.1 of the guidelines, an informer's eligibility for a reward is not a routine entitlement but is instead based on a comprehensive assessment of the informer's role and the specific circumstances of each case. The guidelines stipulates that the reward amount must reflect the "specificity and accuracy" of the information

provided, as well as the level of risk and effort undertaken by the informer. Information that is precise and actionable, pointing directly to individuals or methods of duty evasion, holds greater value. Further, as per the guidelines, the competent authority has to consider the informer's degree of involvement and assistance, including whether they remained actively engaged or provided logistical support that contributed meaningfully to the operation. A critical factor in this determination is whether the information helped identify principal offenders—such as organizers, financiers, or key associates involved in the scheme. The informer's contribution is viewed in higher regard if it exposes individuals central to the evasion network, thus enhancing the impact of the enforcement action. Together, these factors illustrate that the reward is not a fixed proportion of the recovery but instead a careful determination based on the informer's input, the level of risk, and the practical outcomes of their information in recovering government dues and capturing the key players involved."

11. In any case, the appellant has not challenged the Reward Guidelines and thus, we need not detain ourselves on this issue any further.

12. Insofar as the contention regarding violation of the principles of natural justice is concerned, we are of the considered opinion that the same is untenable and merits rejection. First of all, the grant of reward in itself is discretionary and is offered as an incentive. There is no right, much less any fundamental right to be granted a reward. Secondly, it is trite that it is not necessary that in all cases where an individual submits a representation, such individual must be afforded an opportunity of personal hearing. In the absence of any procedural requirement in the Reward Guidelines, requiring that the person claiming a reward be heard, and given the nature of the decision, no such requirement can be inferred. A decision as to the quantum of a reward cannot be considered as an order having adverse consequences and therefore the rule of *audi alteram partem*, does not

apply.

13. In view of the above, we concur with the findings of the learned Single Judge. The appeal is accordingly dismissed. Pending application is also disposed of.

VIBHU BAKHRU, ACJ

TUSHAR RAO GEDELA, J

DECEMBER 17, 2024/*rl*

Click here to check corrigendum, if any