STANDING ORDER NO.43/2007

Sub: Restrictions on export of Non Basmati Rice and Basmati Rice reg.

Attention of all the officers is invited to the Notification No. 38 (RE-07)/2004-2009, dated 15th October (copy enclosed), wherein the Central Government has amended the ITC (HS) classifications prohibiting export of Non Basmati Rice and conditional export of Basmati Rice to Russian Federation till further orders.

2. All officers are directed to follow the above notification scrupulously.
(K. L. GOYAL)

COMMISSIONER OF CUSTOMS (EXPORT),

JAWAHARLAL NEHRU CUSTOM HOUSE,

NHAVA SHEVA.

Encl: as above.
GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
DEPARTMENT OF COMMERCE

NOTIFICATION NO 38 (RE-2007)/2004-2009

NEW DELHI, THE 15th OCTOBER 2007

S.O.(E) In exercise of the powers conferred by Section 5 of the Foreign Trade (Development & Regulation) Act, 1992 (No. 22 of 1992) read with para 1.3 and para 2.1 of the Foreign Trade Policy, 2004-2009, the Central Government hereby makes the following amendments in the ITC(HS) Classifications of Export and Import items, 2004-2009 as amended, from time to time:

With effect from 09.10.2007, in supersession of Notification No. 34 (RE-2007)/2004-2009, dated 08.10.2007, the following new entry shall be inserted:

after entry at Sl. No.45 in Chapter 10 under Schedule 2 of ITC(HS):-
<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Tariff item HS Code</th>
<th>Unit</th>
<th>Item Description</th>
<th>Export Policy</th>
<th>Nature of Restriction</th>
</tr>
</thead>
<tbody>
<tr>
<td>45A</td>
<td>1006 10</td>
<td>Kg.</td>
<td>Non Basmati Rice</td>
<td>Prohibited</td>
<td>Not permitted to be exported.</td>
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<td>1006 10 10</td>
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</tr>
<tr>
<td>45AA</td>
<td>1006 30 20</td>
<td>Kg.</td>
<td>Basmati Rice</td>
<td>Free</td>
<td>Exports to Russian Federation permitted subject to preshipment quality certification issued by Sri Ram Institute for Industrial Research or any other agency as may be notified from time to time.</td>
</tr>
</tbody>
</table>

2. The above Notification in respect of Non Basmati Rice will not be applicable to exports undertaken under food aid programmes.
In reference to the Board’s Circular No. 38/2007 dated 9th October, 2007 attention of all officers and staff of JNCH is invited to the section 95 of the Finance Act, 2007 which substitutes the existing section 14 of the Customs Act, 1962. The new section 14 of the Customs Act, 1962 has come into force with effect from 10-10-2007 in terms of Notification No 93/2007-Customs (NT) dated 13th

2. The clarifications with regard to the major changes in the new Valuation Rules for imported goods are given below for proper application of the Valuation Rules, i.e., Customs Valuation (Determination of Value of Imported Goods) Rules, 2007:-

(i) Transaction Value has been defined to mean the value referred to in sub-section (1) of section 14 of the Customs Act, 1962.

(ii) A proviso has been added to Rules 4(1)(a) and 5(1) concerning identical goods and similar goods respectively, to the effect that the value of the goods provisionally assessed under Section 18 of the Customs Act, 1962, shall not be the basis for determining the value of any other goods.

(iii) In the residual method of Valuation, which has been renumbered as Rule 9 (erstwhile Rule 8), a proviso has been added with a view to keeping Rule 9 in line with Article 7 of the WTO Valuation Agreement which corresponds to the said Rules and refers to the provisions of Article VII of the GATT.

(iv) An Explanation has been added to Rule 10(1) (erstwhile Rule 9(1)) to clarify that the royalty, licence fee or any other payment for using a process, when they are otherwise includible in terms of Clause (c) or (e) of Rule 10(1), shall be added to the price actually paid or payable, notwithstanding the fact that such goods may be subjected to the said process after their importation. At times, royalty, licence fee or any other payment for a process to be paid by the importer, may be linked to post-importation activity like running of the machine/plant, when the process is put to use. This Explanation has been added in the context of the Supreme Court judgement in the case of J.K. Corporation Ltd. Versus Commissioner of Customs (Port) Kolkata [2007 (208) ELT 485 (SC)] so as to clarify that such royalty, licence fee, etc., if otherwise includible in terms of clauses (c) or (e) of Rule 10, will be includible in the value of the goods irrespective of the fact that such royalty, licence fee, etc., relates to a process which is made operational during the running of the machines, i.e., after importation of the goods.

(v) An Explanation has been added to Rule 10(2) clarifying that the cost of transport of the imported goods includes ship demurrage charges on chartered vessels, lighterage charges or barge charges. This Explanation is to take care of cases of
imports by time chartered vessels or bulk carriers discharging goods on high seas needing additional expenditure for delivery of the goods at the Place of Importation mentioned in Rule 10(2)(a). The place of importation, as observed by the Supreme Court in the case of Garden Silk Mills Ltd Versus Union of India [1993 (113) E.L.T.358(S.C)] means the place where the imported goods reach the landmass of India in the Customs area of the port, airport or land customs station, or if they are consumed before reaching the landmass of India, the place of consumption. Therefore, in cases where ship demurrage charges are paid by the importer for detention of the ship in the harbour before touching the landmass at the docks or at the place of consumption, these charges would be includible in the cost of transportation. Similarly, in cases where the big mother vessels cannot enter the harbour for any reason and goods are brought to the docks by smaller vessels like barges, small boats, etc., the cost incurred by the importer for bringing the goods to the landmass or place of consumption, such as lighterage charges, barge charges will also be included in the cost of transportation.

(vi) An Explanation has been added to Rule 12 (erstwhile Rule 10A), which relates to rejection of declared value, to bring more clarity and objectivity in exercising the authority for rejection of declared value. The Explanation clarifies that this rule as such does not provide a method for determination of value, and that it merely provides a mechanism and procedure for rejection of declared value in certain cases. It also clarifies that where the proper officer is satisfied after consultation with the importer, the declared value shall be accepted. This Explanation also gives certain illustrative reasons which could form the basis for having doubt about the truth or accuracy of the declared value.

Sd/-

( ARUN TANDON )

COMMISSIONER OF CUSTOMS (IMPORT),

JAWARARLAL NEHRU CUSTOM HOUSE,