

Circular no. 17/2015 - Customs

F. No: 451/13/2015 Cus V

Govt. of India

Ministry of Finance

Dept. of Revenue

Central Board of Excise & Customs

Dated 26th May 2015, New Delhi

To

The Chief Commissioner of Customs, Mumbai - III

The Commissioners of Customs - II, Airport Special Cargo, Mumbai

The Director General of Export Promotion, New Delhi

The Director General of Systems & Data Management, New Delhi

The Director General of Revenue Intelligence, New Delhi

Madam/Sir,

Subject:- Import, trading & re-export of rough diamonds by notified entities in Bharat Diamond Bourse, Bandra Kurla Cargo Complex, Mumbai - Reg.

The Central Government had announced its intent to permit the trading of rough diamonds in India by leading diamond mining companies of the world by creating a 'Special Notified Zone'. For this purpose, Dept. of Commerce / GJEPC have sought a regulatory framework under the Customs Act. After consultations with other regulators, namely, DGFT, RBI and with industry, namely, Bharat Diamond Bourse, and GJEPC, the Board has decided to introduce necessary provisions to allow and facilitate viewing/auction/sale of Rough Diamonds at Bharat Diamond Bourse, Mumbai w.e.f 1.7.2015.

2. The Precious Cargo Customs Clearance Centre at Bandra Kurla Complex, Mumbai (or PCCCC for short) is already notified u/s 8 of the Customs Act, 1962 and Bharat Diamond Bourse (BDB for short) is duly notified as a custodian u/s 45 of the Customs Act. BDB has proposed to identify an area, within the Bharat Diamond Bourse Complex which shall house facilities for receipt, storage, viewing, auctions/sales of imported Rough Diamonds. It shall include all necessary commercial, security & customs related facilities incidental to these activities. This area shall henceforth be referred as a "Special Notified Zone", (or SNZ, for short). The Bharat Diamond Bourse shall submit the floor plan, proposed facilities, including security related features, for approval under section 8 and in terms of the requirements under "Handling of Cargo in Customs Area Regulation, 2009" to the jurisdictional Commissioner of Customs.

3. M/S Bharat Diamond Bourse, in their capacity as a Custodian, appointed under section 45 of the Customs Act, 1962, propose to outsource the handling of rough diamonds, imported for auctions/sales, to a special purpose vehicle, namely, India Diamond Trading Centre, constituted by GJEPC and Bharat Diamond Bourse. For this purpose, BDB shall make an

application before the jurisdictional Commissioner of Customs for approval in terms of circular 45/2013 - Cus dated 31.12.2013.

4. The list of companies entitled to avail of the facility of consigning rough diamonds to India for the purpose of viewing and sales from the SNZ shall be those as are permitted vide RBI's Circular No. 116 dated 1.4.2014 or as amended from time to time.

5. The import of rough diamonds will be permitted through Air cargo mode only. No import through hand carriage or express courier service mode will be permitted.

6. The rough diamonds arriving for viewing / auctions / sale by bidding/sale by negotiation will be accompanied by a declaration of value way of an invoice, packing list, documents of insurance and a Kimberley Process Certificate as provided in Circular no.53/2003-Cus dated 23rd June, 2003.

7. The imported parcels meant for the purpose of viewing/auctions/sales will be initially transhipped from strong room of BDB at Air Cargo Complex at Sahar to the Strong Room at PCCCC, BDB, Bandra Kurla Complex, Mumbai as per procedure being followed and notified by way of existing trade notices / standing orders. The imported parcels will be examined by Customs in the presence of the representatives of the mining company, M/S Bharat Diamond Bourse and M/S India Diamond Trading Centre for tallying the carat weight with the import invoice, packing list and Kimberley Certificate. Thereafter the parcel will be sealed and transferred to the strong room at the SNZ.

8. The special notified zone will be accessible to traders to visit for viewing the rough diamonds and/or auctions / sale by bidding/sale by negotiation. The GJEPC shall define the eligibility conditions for such visitors, under intimation to the Customs. All persons permitted to visit the SNZ shall be issued with photo identity cards by M/S India Diamond Trading Centre. Suitable security arrangements for controlling access and ensuring against any pilferage, damage or unauthorised removal of goods from the Customs area shall be undertaken by Bharat Diamond Bourse/ M/S Indian Diamond Trading Centre.

9. The working hours of the SNZ and timings for viewing, auctions/sale shall be notified by Bharat Diamond Bourse / M/S India Diamond Trading Centre in consultation and approval of the jurisdictional Commissioner of Customs.

10. Any such viewing, auctions/sales may result in all imported lots being sold or only some of the lots being sold or all lots remaining unsold. The sales of rough diamonds from the SNZ shall be of a single or multiple lots but no sale of a sub-lot will be allowed. During the viewing/sale process, mixing of lots of the Rough Diamonds will not be permitted.

11. After the completion of viewing sales of the rough diamonds at the SNZ, these will be re-packed, lot wise, in the same manner as had been received in the SNZ from the strong room of the BDB at the PCCCC, no later than 60 days from the date of import. The reconstituted parcels shall be sealed in the presence of customs, representatives of the mining company, M/S Bharat Diamond Bourse and M/S India Diamond Trading Centre, after tallying the carat weight with the import invoice, packing list and Kimberley Certificate and transferred to the strong room of BDB at PCCCC under customs escort.

12. A successful auction/sale by bidding/sale by negotiation shall lead to a price discovery in respect of a lot or lots. The diamond mining company shall issue a sale invoice in respect of such lot or lots, as are sold. The sale invoice, so issued by the diamond mining company, shall be

the relevant document for the declaration of value u/s Section 14 of the customs Act, 1962. Such a lot or lots shall be cleared by the buyer by filing a bill of entry at the PCCCC.

13. The goods which are not sold shall be exported under a shipping bill, filed not later than 75 days of the date of import. In view of the anticipated regularity of such transactions of export of the unsold diamonds, no permission for filing shipping bill would have to be obtained. India Diamond Trading Centre acting "on A/C" of the consignor (Mining company) shall file a shipping bill for export of the unsold diamonds at PCCCC. Export of the unsold rough diamonds will be permitted to any destination outside India.

14. The shipping bill may be filed using the Import Export Code number obtained by M/S India Diamond Trading Centre and in conformity with the regulations under the FTP and RBI.

15. Bharat Diamond Bourse and their duly appointed handling agent, M/S India Diamond Trading Centre shall be responsible for the receipt, sales, re-exports, custody, delivery, re-export and accounting of the rough diamonds imported for viewing and/or sale in such form as prescribed by the jurisdictional Commissioner of Customs.

16. The jurisdictional Commissioner of Customs shall issue consequential trade notices / standing orders immediately.

17. Any difficulties in implementation of the procedure may be brought to the notice of the Board.

18. Hindi version follows.

Yours faithfully,

(S. Kumar)

Commissioner (Cus & EP)

Phone: 011-2309 2080

Fax: 011-2309 4432