

	<b>OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, CUSTOM HOUSE: MUNDRA, KUTCH MUNDRA PORT &amp; SPL ECONOMIC ZONE, MUNDRA-370421</b> <b>Phone No.02838-271165/66/67/68 FAX.No.02838-271169/62</b>
A. File No.	: CUS/ASS/MISC/401/2023-EA-O/o Pr-Commr-Cus-Mundra
B. Order-in- Original No.	: MCH/ADC/MK/73/2024-25 dated 13.06.2024
C. Passed by	: Mukesh Kumari, Additional Commissioner of Customs, Customs House, AP & SEZ, Mundra
D. Date of order /Date of issue	: 14-06-2024
E. Show Cause Notice No. & Date	: CUS/ASS/MISC/401/2023 dated 13.06.2023
F. Noticee(s)/Party/Exporter	: <b>M/s. RK Ind Export Pro Ltd. ,C-16, MIDC, Shiroli, Kolhapur, Maharashtra 4161222</b>
G. DIN	: <b>20240671M000041464E</b>

1. यह अपील आदेश संबन्धित को निःशुल्क प्रदान किया जाता है।

This Order - in - Original is granted to the concerned free of charge.

2. यदि कोई व्यक्ति इस अपील आदेश से असंतुष्ट है तो वह सीमा शुल्क अपील नियमावली 1982 के नियम 3 के साथ पठित सीमा शुल्क अधिनियम 1962 की धारा 128 A के अंतर्गत प्रपत्र सीए- 1-में चार प्रतियों में नीचे बताए गए पते पर अपील कर सकता है-

Any person aggrieved by this Order - in - Original may file an appeal under Section 128 A of Customs Act, 1962 read with Rule 3 of the Customs (Appeals) Rules, 1982 in quadruplicate in Form C. A. -1 to:

**“सीमा शुल्क आयुक्त (अपील),**

7 वीं मंजिल, मृदुल टावर, टाइम्स ऑफ इंडिया के पीछे, आश्रम रोड, अहमदाबाद 380 009”

**“THE COMMISSIONER OF CUSTOMS (APPEALS),**  
**Having his office at 7<sup>th</sup> Floor, Mridul Tower, Behind Times of India,**  
**Ashram Road, Ahmedabad-380 009.”**

3. उक्त अपील यह आदेश भेजने की दिनांक से 60 दिन के भीतर दाखिल की जानी चाहिए।

Appeal shall be filed within sixty days from the date of communication of this order.

4. उक्त अपील के पर न्यायालय शुल्क अधिनियम के तहत 5/- रुपए का टिकट लगा होना चाहिए और इसके साथ निम्नलिखित अवश्य संलग्न किया जाए-  
Appeal should be accompanied by a fee of Rs. 5/- under Court Fee Act it must accompanied by -

- (i) उक्त अपील की एक प्रति और A copy of the appeal, and
- (ii) इस आदेश की यह प्रति अथवा कोई अन्य प्रति जिस पर अनुसूची - 1 के अनुसार न्यायालय शुल्क अधिनियम-1870 के मद सं.-6 में निर्धारित 5/- रुपये का न्यायालय शुल्क टिकट अवश्य लगा होना चाहिए ।

This copy of the order or any other copy of this order, which must bear a Court Fee Stamp of Rs. 5/- (Rupees Five only) as prescribed under Schedule - I, Item 6 of the Court Fees Act, 1870.

5. अपील जापन के साथ इयूटि/ ब्याज/ दण्ड/ जुर्माना आदि के भुगतान का प्रमाण संलग्न किया जाना चाहिये ।

Proof of payment of duty / interest / fine / penalty etc. should be attached with the appeal memo.

6. अपील प्रस्तुत करते समय, सीमा शुल्क के, और सीमा शुल्क अधिनियम 1982, अपील) नियम) अन्य सभी प्रावधानों के तहत सभी मामलों का पालन किया जाना चाहिए ।

While submitting the appeal, the Customs (Appeals) Rules, 1982 and other provisions of the Customs Act, 1962 should be adhered to in all respects.

7. इस आदेश के विरुद्ध अपील हेतु जहां शुल्क या शुल्क और जुर्माना विवाद में हो, अथवा दण्ड में, जहां केवल जुर्माना विवाद में हो, Commissioner (A) के समक्ष मांग शुल्क का 7.5% भुगतान करना होगा ।

An appeal against this order shall lie before the Commissioner (A) on payment of 7.5% of the duty demanded where duty or duty and penalty are in dispute, or penalty, where penalty alone is in dispute.

**Subject :- Mis-declaration of cargo in Shipping Bill No. 9365321 dated 18.04.2023 filed by M/s. RK Ind Export Pro Ltd. -Reg.**

**BRIEF FACTS OF THE CASE :**

1. Whereas it appears that **M/s. RK Ind Export Pro Ltd. , C-16, MIDC, Shiroli, Kolhapur, Maharashtra 416122, having IEC No. AAPCA2002E**, has filed Shipping Bills through their CHA M/s Pentagon Shipping Service for export of goods declared as "Parboiled IR 64 Unsortex Rice" classified under CTH 10063010.
2. As per Board Instruction No. 29/2022-Customs dated 28.10.2022, representative sample was drawn and sent to CRCL Kandla vide Test Memo and the cargo has been allowed for export on provisional basis on submission of Test Bond submitted by the Exporter which was accepted

by the Deputy Commissioner (Export), Customs House, Mundra.

3. Respective Test Report has been received against the Test Memo wherein it is mentioned that "Based on the physical appearance, forms and analytical findings, it appears to be "**Rice waste Other than Parboiled Rice**", against the declared export cargo in the Shipping Bill as "**Parboiled IR 64 Unsortex Rice**". The details of Shipping Bills and their corresponding Test Report are as under :

Sr.No.	Shipping Bill No. & Date	Net Wt.	Test Report No. & Date	FOB Declared in SB (in Rs.)	Summary of Test Result
1.	9365321 dated 18.04.2023	60 MTS	1003 dated 25.04.2023	18,07,313.5	Rice waste Other than Parboiled Rice

4. A copy of the said Test Report has been provided to the Exporter, viz., **M/s RK Ind Export Pro Ltd.** for their information with a specific request to submit their submission within 10 days of the communication as to why the proceedings should not be initiated under Customs Act, 1962 as the instant case was seen falling under the purview of Mis-declaration of the Export cargo.

5. With reference to above mentioned Shipping Bill, the Exporter has classified the same goods as "**Parboiled IR 64 Unsortex Rice**" **classified under CTH 10063010** but pursuant to the outcome of the Test Result, the consignment of the exported goods is found to be "**Rice waste Other than Parboiled Rice**". As per Customs Tariff, Rice other than Semi-milled or wholly milled Parboiled Rice and Basmati Rice is classifiable under CTH 10063090 and therefore the goods already exported is required to be classified under **CTH 10063090 and attracts 20% Customs duty/Cess** as per Notification No. 49/2022- Customs dated 08.09.2022 issued by the Board. The relevant extracts of the said Notification is re-produced here-in-below :

(ii) after Sl. No. 7 and the entries relating thereto, the following Sl. No. And entries relating thereto shall be inserted, namely :-

(1)	(2)	(3)	(4)
"7A	1006 30 90	Semi-milled or wholly-milled rice, whether or not polished or glazed (other than Parboiled rice and Basmati rice)	20%"

6. Whereas, the Exporter under the Customs Bond has bind themselves to the effect that in the event of failure of cargo in the Test Report, the Exporter will pay the duty alongwith interest, fine and/or penalty, if any imposed for contravention of the Customs Act, 1962 and other allied Acts. And on the basis of Customs Bond submitted by the Exporter, the goods have been allowed for ultimate export provisionally.

7. Subsequently the Test Reports have confirmed the export goods

were "**Rice waste Other than Parboiled Rice**". Accordingly, Shipping Bill mentioned in the Table above at Para 3 needs to be assessed finally on the basis of Test Report. On the basis of Test Report, the classification of the goods declared in the Shipping Bills needs to be re-classified under CTH 10063090. Consequently, the Exporter is required to pay duty on the goods exported @ **20% ad valorem**.

8. Whereas, the Exporter appears to have failed to declare the correct classification of the export cargo in the Shipping Bill. It appears that the Exporter has resorted to mis-classification and mis-declaration of the export cargo in order to evade payment of export duty/cess leviable on the export cargo. Thus, the Exporter has contravened the provisions of the Section 50 of the Customs Act, 1962, which is re-produced here-in-below :

***SECTION 50 : Entry of goods for exportation -***

(1).....

(2) *The exporter of any goods, while presenting a shipping bill or bill of export, shall make and subscribe to a declaration as to the truth of its contents.*

(3) *The exporter who presents a shipping bill or bill of export under this section, shall ensure the following, namely :-*

- (a) *the accuracy and completeness of the information given therein ;*
- (b) *the authenticity and validity of any document supporting it ; and*
- (c) *Compliance with the restriction or prohibition, if any, relating to the goods under this Act or under any other law for the time being in force.*

9. Whereas, the acts of omission and commission made by the Exporter rendered the export cargo liable for confiscation under Section 113 (i) of the Customs Act, 1962 and the same is reproduced here-in-below :

***SECTION 113. Confiscation of goods attempted to be improperly exported, etc. -***

*The following export goods shall be liable to confiscation as per:*

-----  
 (i) *any goods entered for exportation which do not correspond in respect of value or any material particular with the entry made under this Act or in the case of baggage with the declaration made under section 77.*

10. Whereas, on account of export goods liable for confiscation, the Exporter has made themselves liable for penal action under Section 114 (ii) of the Customs Act, 1962 and the same is reproduced here-in-below :

***SECTION 114 : Penalties for attempt to export goods improperly, etc. -*** Any person who, in relation to any goods, does or omits to do any

act which act or omission would render such goods liable to confiscation under section 113, or abets the doing or omission of such an act, shall be liable, -

(ii) in the case of dutiable goods, other than prohibited goods, subject to the provisions of section 114A, to a penalty not exceeding ten per cent of the duty sought to be evaded or five thousand rupees, whichever is higher.

11. Whereas on account of contravention of the provisions of Section 50 of the Customs Act, 1962, the Exporter has made themselves liable for penal action under Section 117 of the Customs Act, 1962 and the same is reproduced here-in-below :

**SECTION 117 : Penalties for contravention, etc., not expressly mentioned.** - Any person who contravenes any provision of this Act or abets any such contravention or who fails to comply with any provision of this Act with which it was his duty to comply, where no express penalty is elsewhere provided for such contravention or failure, shall be liable to a penalty **not exceeding four lakh rupees.**

12. In view of the above, a Show Cause Notice was issued vide F.No CUS/ASS/MISC/401/2023 dated 13.06.2023 whereby the exporter **M/s. RK Ind Export Pro Ltd. , C-16, MIDC, Shirol, Kolhapur, Maharashtra 416122** was called upon to show cause in writing to the Additional Commissioner of Customs (Export), Customs House, Mundra having office at PUB Building 5B, Adani Port, Mundra, as to why:-

- (i) the classification of the goods declared by the Exporter under Shipping Bill tabulated above should not be rejected and re-classified under CTH 10063090;
- (ii) the Customs duty/Cess as leviable i.e., **Rs. 3,61,463/- (Rupees Three Lakhs Sixty One Thousand Four Hundred Sixty Three only)** on the goods classified under CTH 10063090 having FOB Value as **Rs. 18,07,314/- (Rupees Eighteen Lakhs Seven Thousand Three Hundred Fourteen only)** should not be recovered alongwith applicable interest at the appropriate rate under Section 28AA ibid from the Exporter
- (iii) the goods covered under Shipping Bills tabulated above should not be confiscated under Section 113 (i) of the Customs Act, 1962 ;
- (iv) the penalty under Section 114 (ii) of the Customs Act, 1962 should not be imposed upon the Exporter ;
- (v) the penalty under Section 117 of the Customs Act, 1962 should not be imposed upon the Exporter ;

**RECORDS OF PERSONAL HEARING :**

13. Three Personal Hearing dated 28.03.2024, 16.04.2024 & 21.05.2024 were scheduled but neither the Exporter nor their authorised representative attended the Personal hearing.

**DISCUSSION AND FINDINGS:**

14. Three Personal Hearing dated 28.03.2024, 16.04.2024 & 21.05.2024 were scheduled but neither the Exporter nor their authorised representative attended the Personal hearing so the principles of natural justice as provided in Section 122A of the Customs Act 1962 has been complied with and therefore, I proceed to decide the case ex parte.

14.1 The issues to be decided by me are:-

(i) The classification of the goods declared by the Exporter under Shipping Bill No. 9365321 dated 18.04.2023 should not be rejected and re-classified under CTH-10063090 ;

(ii) The Customs duty/Cess amounting to **Rs. 3,61,463/- (Rupees Three Lakhs Sixty One Thousand Four Hundred Sixty Three only)** on the goods classified under CTH 10063090 having FOB Value as **Rs. 18,07,314/- (Rupees Eighteen Lakhs Seven Thousand Three Hundred Fourteen only)** for Shipping Bill No. 7646936 dated 09.02.2023 should not be recovered alongwith applicable interest at the appropriate rate under Section 28AA from the Exporter;

(iii) The goods covered under Shipping Bills tabulated above should not be confiscated under Section 113 (i) of the Customs Act, 1962;

(iv) The penalty under Section 114 (ii) of the Customs Act, 1962 should not be imposed upon the Exporter;

(v) The penalty under Section 117 of the Customs Act, 1962 should not be imposed upon the Exporter;

Now, I proceed to decide the case issue-wise.

14.2 I find that the exporter declared the impugned rice exported under Shipping Bill No. 9365321 dated 18.04.2023 as "**Parboiled IR 64 Insortex Rice Rice**" classified under **CTH-10063010** but pursuant to the outcome of the Test Result, the consignment of the exported goods is found to be "**Rice Waste Other than Parboiled Rice**". As per Customs Tariff, **Rice other than Semi-milled or wholly milled Parboiled Rice and Basmati Rice** is classifiable under **CTH-10063090** and therefore the same is required to be re-classified under **CTH-10063090**. Therefore, I am of the view that the exporter has misclassified the goods under CTH-10063010 instead of 10063090 which

make the goods liable to confiscation under **Section 113(i)** of Customs Act, 1962.

14.3 I also find that the goods i.e. **Rice other than Semi-milled or wholly milled Parboiled Rice and Basmati Rice** falling under **CTH-10063090** attracts Customs Duty @20% as per Sr. No.7A of the Schedule-II of the Customs Tariff Act, 1975 as amended by Notification No.49/2022-Customs dated 08.09.2022 issued by the Board. Therefore, the duty under **Section 28** of the Customs Act, 1962 is also recoverable from them alongwith applicable interest at the appropriate rate under **Section 28AA** of the Customs Act, 1962.

14.4 I find that the impugned rice exported under Shipping Bill No. 9365321 dated 18.04.2023, found to be "**Rice Waste Other than Parboiled Rice**" are dutiable goods, therefore, the penalty in this case is imposable under **Section 114(ii)** of the Customs Act, 1962.

14.5 Further, I do not find any material evidence in the Investigation Report that suggests or goes on to proves that the exporter, in addition to the violation envisaged under Section 114(ii) of the Customs Act, 1962, have committed any offence that invites penalty against them under Section 117 of the Act ibid. As such I refrain myself from penalizing the exporter under Section 117 of the Customs Act, 1962.

15. In view of the forgoing discussions and findings, I pass the following order:

### ORDER

(i) I order to reject the classification of the exported goods under CTH 10063010 as declared by the exporter and ordered to re-classify the same under CTH- 10063090 for Shipping Bill No. 9365321 dated 18.04.2023;

(ii) I order to recover the Customs duty/Cess amounting to Rs. 3,61,463/- (Rupees Three Lakhs Sixty One Thousand Four Hundred Sixty Three only) on the goods classified under CTH 10063090 having FOB Value as Rs. 18,07,314/- (Rupees Eighteen Lakhs Seven Thousand Three Hundred Fourteen only) for Shipping Bill No. 9365321 dated 18.04.2023 under Section 28(4) alongwith applicable interest at the appropriate rate under Section 28AA from the Exporter;

(iii) I order for confiscation of the goods having FOB value of Rs. 18,07,314/-covered under Shipping Bill No. 9365321 dated 18.04.2023 under Section 113 (i) of the Customs Act, 1962. However, as the goods has already been exported under Bond,I impose Redemption Fine of Rs. 1,85,000/- (Rupees One Lakh Eighty Five Thousand Only).

(iv) I impose Penalty of Rs. 35,000/- (Rupees Thirty Five Thousand only) covered under Shipping Bill No. 9365321 dated 18.04.2023 under

Section 114 (ii) of the Customs Act, 1962;

(v) I refrain from imposing penalty under Section 117 of the Customs Act, 1962 for the reasons as discussed above;

16. This order is issued without prejudice to any other action that may be contemplated against the exporter or any other person(s) under the provisions of the Customs Act, 1962 and rules/regulations framed thereunder or any other law for the time being in force in the Republic of India.

Signed by  
(Mukesh Kumari)  
Additional Commissioner (Export),  
Customs House, Mundra  
Date: 14-06-2024 18:36:06

F.No. CUS/ASS/MISC/401/2023-EA

Dated:-14-06-2024

**BY SPEED POST**

**To,**  
**M/s. RK Ind Export Pro Ltd. ,**  
**C-16, MIDC, Shiroli, Kolhapur,**  
**Maharashtra 4161222.**

Copy to:- (1) The Deputy Commissioner(TRC)/RRA /Review  
Section/EDI/Guard File.

