

	OFFICE OF THE PRINCIPAL COMMISSIONER OF CUSTOMS, CUSTOM HOUSE: MUNDRA, KUTCH MUNDRA PORT & SPL ECONOMIC ZONE, MUNDRA- 370421 Phone No.02838-271165/66/67/68 FAX.No.02838- 271169/62
A. File No.	: CUS/ASS/MISC/402/2023-EA-O/o Pr-Commr-Cus-Mundra
B. Order-in- Original No.	: MCH/ADC/MK/61/2024-25 dated 11-06-2024
C. Passed by	: Mukesh Kumari, Additional Commissioner of Customs, Customs House, AP & SEZ, Mundra
D. Date of order /Date of issue	: 11-06-2024
E. Show Cause Notice No. & Date	: CUS/ASS/MISC/402/2023-EA dated 14.06.2023
F. Noticee(s)/Party/Exporter	: M/s. Premdhara Agro India LLP, Malav Kalol Road, PO Malav, Taluka Kalol, Panchmahal, Kalol, Gujarat- 389330
G. DIN	: 20240621M000000ED9E

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 पतियों 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 7th 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 be accompanied by –

- i. उक्त अपील की एक प्रति और A copy of the appeal, and
- ii. इस आदेश की यह प्रति अथवा कोई अन्य प्राप्ति 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 1962, और सीमा शुल्क अधिनियम 1982, (अपील) नियम के 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.
इस आदेश के विरुद्ध अपील हेतु जहा शुल्क या शुल्क और जुर्माना विवाद में हो, अथवा दण्ड में जहा केवल जुर्माना विवाद में हो, Commissioner (A) के समक्ष माग शुल्क का 7.5% भुगतान करना होगा ।

7. 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. 8039917 dated 24.02.2023 filed by M/s Premdhara Agro India LLP.-Reg.

BRIEF FACTS OF THE CASE :

Whereas it appears that M/s Premdhara Agro India LLP, Malav Kalol Road, PO Malav, Taluka Kalol, Panchmahal, Kalol,

Gujarat-389330 having IEC No.**AAVFP0021D**, has filed a **Shipping Bill No.8039917** dated **24.02.2023** through their **CHA- M/s Worldwind Shipping Services** for export of goods declared as **"Indian Parboiled 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 were accepted by the Deputy Commissioner (Export), Customs House, Mundra.

3. Respective Test Report dated 09.03.2023 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 **"Indian Parboiled Rice (Broken 26.20%)**", against the declared export cargo in the Shipping Bill as "Indian Parboiled 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.	8039917 dated 24.02.2023	270 MTs	10499 Dated 09.03.2023	88,46,920	Indian Parboiled Rice (Broken 26.20%)

4. A copy of the said Test Report has been provided to the Exporter, viz., **M/s. Premdhara Agro India LLP** 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 seemed to be 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 "Indian Parboiled Rice" classified under CTH 10063010 but pursuant to the outcome of the Test Result, the consignment of the exported goods is found to be **" Indian Parboiled Rice (Broken 26.20%)"**. As per Customs Tariff, **Broken Rice is classifiable under CTH 10064000** and therefore the goods already exported is required to be classified under CTH 10064000 and to be confiscated being Prohibited Goods as per Notification No.31/2015-2020-Customs dated 08.09.2022 issued by the Board. The relevant extracts of the said Notification is re-produced here-in-below :

ITC HS Codes	Description	Export Policy	Revised Export Policy
10064000	Only for broken rice	Free	Prohibited

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 along with 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 "**Indian Parboiled Rice (Broken 26.20%)**". Accordingly, Shipping Bill mentioned in the Table above needs to be assessed finally on the basis of Test Report. On the basis of Test Report, the goods needs to be re-classified under **CTH 10064000**. Consequently, the Exporter is liable for penal action.

8. 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 ;
 - (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 (d) and 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:

-
- (d) any goods attempted to be exported or brought within the

limits of any customs area for the purpose of being exported, contrary to any prohibition imposed by or under this Act or any other law for the time being in force;

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(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(i) and 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, -

(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty 1[2[not exceeding three times the value of the goods as declared by the exporter or the value as determined under this Act]], whichever is the greater;

(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 above, a Show Cause Notice No. CUS/ASS/MISC/402/2023 dated 14.06.2023 was issued to M/s. **Premdhara Agro India LLP, Malav Kalol Road, PO Malav, Taluka Kalol, Panchmahal, Kalol, Gujarat 389330** by the Additional

Commissioner (Export), Customs House, Mundra 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 Bills tabulated above should not be rejected and re-classified under CTH 10064000;
- (ii) the goods covered under Shipping Bill tabulated above should not be confiscated under Section 113 (d) and 113(i) of the Customs Act, 1962 ;
- (iii) the penalty under Section 114 (i) and (ii) of the Customs Act, 1962 should not be imposed upon the Exporter ;
- (iv) the penalty under Section 117 of the Customs Act, 1962 should not be imposed upon the Exporter ;

RECORDS OF PERSONAL HEARING :

13. In the present case, first letter for personal hearing was issued on 27.02.2024 but no one turned up for the personal hearing scheduled on 19.03.2024. Again, a letter dated 15.04.2024 was issued for personal hearing to the exporter and Shri Sanjay Khan Joya, Authorised Representative of M/s Premdhara Agro India LLP appeared for the Personal Hearing on 29.04.2024.

13.1 During the personal hearing, Shri Sanjay Khan Joya submitted that as per Survey No.IN2301827-3 dated 22.03.2023 issued by COTECNA Inspection India Pvt. Ltd. the percentage of Broken is 3.29% and after confirming the percentage of Broken Rice from COTENCA Inspection India Pvt. Ltd., they moved their cargo but as per CRCL, Kandla Lab, the percentage of Broken Rice is 26.20%. Further, they submitted a letter dated 21.04.2023 and Purchase Sales Agreement wherein the cargo to be exported is Indian Parboiled Rice (5% Broken). They requested to be freed from the liability or otherwise may be considered for re-testing.

DISCUSSION AND FINDINGS:

14. I have carefully gone through the records of the case. The exporter attended the Personal Hearing dated 29.04.2024 and requested to be freed from the liability or otherwise may be considered for retesting. Thus, I find that 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 on the basis of the documentary evidence available on records.

14.1 The issues to be decided by me are as follows:

- i. Whether the classification of the goods declared by the Exporter

under **Shipping Bills No.8039917 dated 24.02.2023** as "**Indian Parboiled Rice**" under **CTH-10063010** should be rejected and re-classified as "**Broken Rice**" under **CTH-10064000** or otherwise;

- ii. Whether the goods covered under **Shipping Bills No.8039917 dated 24.02.2023** should be confiscated under Section 113 (d) and 113(i) of the Customs Act, 1962 or otherwise;
- iii. Whether the penalty under Section 114 (i) and 114(ii) of the Customs Act, 1962 should be imposed upon the Exporter or otherwise;
- iv. Whether the penalty under Section 117 of the Customs Act, 1962 should be imposed upon the Exporter or otherwise;

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.8039917 dated 24.02.2023** as "**Indian Parboiled Rice**" under **CTH-10063010** but pursuant to the outcome of the Test Result, the consignment of the exported goods is found to be "**Broken Rice (Broken 26.20%)**". As per Customs Tariff, Broken Rice is classifiable under **CTH-10064000** and therefore the same is classifiable under **CTH-10064000**.

14.3 I find that with effect from 09.09.2022, as per Notification No.31/2015-2020-Customs dated 08.09.2022 issued by Directorate General of Foreign Trade (DGFT), the export of "**Broken Rice**" classifiable under **CTH-10064000** is **prohibited**. I find that the broken percentage of rice was above the permissible limit as per Trade Notice No.18/2022-23 Dated 04.10.2022. The goods were exported in violation of DGFT Notification No.31/2015-2020-Customs dated 08.09.2022 read with Trade Notice No.18/2022-23 Dated 04.10.2022. I also find it pertinent to mention here that as per test report of M/s COTECNA Inspection India Pvt. Ltd. submitted by the Exporter's Authorised Representative during personal hearing, the limit of the percentage of Broken Rice declared by the exporter is 5%. I find that the contract entered by the exporter with their overseas buyer is also have Broken Rice percentage as 5% only. Therefore, I find that there is huge difference between the declared percentage of Broken Rice of 5% and Broken Rice percentage reported by the CRCL, Kandla in its Test Report. Hence, I am not agree with the claim made by the exporter during personal hearing. As per Circular No.30/2017 dated 18.07.2017, in case the importer or his agent intends to request the Additional/ Joint Commissioner of Customs for a re-test, then the same shall be made in writing to the said officer within a period of ten days from the receipt of the communication of the test results of the first test. Therefore, the request made by the exporter for re-testing at this juncture i.e. after issuance of Show Cause Notice and after receiving Test Report on 18.04.2023 is not acceptable.

14.4 In view above facts and discussion, I am of the view that the exporter has mis-declared and mis-classified the exported goods as "**Parboiled Rice**" under **CTH-10063010** instead of "**Broken Rice**" under **CTH-10064000** which is prohibited to export as discussed above. Therefore, I find that the goods exported under **Shipping Bills No.8039917 dated 24.02.2023** are liable for confiscation under **Section 113(d)** and **113(i)** of Customs Act, 1962.

14.5 I find that **Section 114 of the Customs Act, 1962** stipulates that:

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, -

(i) in the case of goods in respect of which any prohibition is in force under this Act or any other law for the time being in force, to a penalty not exceeding three times the value of the goods as declared by the exporter or the value as determined under this Act, whichever is the greater;

(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;

Provided that where such duty as determined under sub-section (8) of section 28 and the interest payable thereon under section 28AA is paid within thirty days from the date of communication of the order of the proper officer determining such duty, the amount of penalty liable to be paid by such person under this section shall be twenty-five per cent of the penalty so determined;

(iii) in the case of any other goods, to a penalty not exceeding the value of the goods, as declared by the exporter or the value as determined under this Act, whichever is the greater.

14.6 I find that the impugned rice exported under Shipping Bill No.8039917 dated 24.02.2023 found to be "**Broken Rice**" which are prohibited to export, therefore, in view of the above provisions of Section 114 of Customs Act, 1962, the penalty in this case is imposable only under **Section 114(i)** of the Customs Act, 1962 and not in **Section 114(ii)** of the Customs Act, 1962

14.7 I find that 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. On the basis of Customs Bond submitted by the Exporter, the goods have been allowed for ultimate export provisionally.

14.8 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(i) 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 goods declared by the Exporter under Shipping Bills No.8039917 dated 24.02.2023 as "Indian Parboiled Rice" under CTH-10063010 and order to re-classify the same as "Broken Rice" under CTH-10064000;

(ii) I order to confiscate the goods having FOB value of Rs.88,46,920/- covered under Shipping Bill No.8039917 dated 24.02.2023 under Section 113(d) and 113(i) of the Customs Act, 1962. However, as the goods has already been exported under Bond, I impose Redemption Fine of Rs.10,00,000/- (Rupees Ten Lakh only).

(iii) I order to impose and recover Penalty of Rs.5,00,000/- (Rupees Five Lakh only) covered under Shipping Bill No. 8039917 dated 24.02.2023 under Section 114 (i) of the Customs Act, 1962;

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
 Date: 11-06-2024 18:09:17
 (Mukesh Kumari)
 Additional Commissioner (Export)
 Customs House, Mundra

BY SPEED POST

To,
M/s. Premdhara Agro India LLP,
Malav Kalol Road, PO Malav,
Taluka-Kalol, Panchmahal, Kalol
Gujarat-389330.

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

