

Circular no. 36/2019- Customs

F. No: 451/13/2015 Cus. V
Govt. of India
Ministry of Finance
Dept. of Revenue
Central Board of Indirect Taxes & Customs

Dated 31st October 2019, New Delhi

All Principal Chief Commissioners/Chief Commissioners
Principal Directors General/Directors General
Principal Commissioners/Commissioner of Customs

Madam/Sir,

Subject: Import, trading & re-export of rough diamonds by notified entities in Gujarat Hira Bourse, Ichhapore Surat- Reg.

Representations have been received from the Gems and Jewellery Export Promotion Council for setting up a Special Notified Zone at Surat in lines with the Special Notified Zone at Bharat Diamond Bourse, Mumbai permitted vide Circular No. 17/2015 dated 26.05.2015. It has been submitted that Surat is the hub for diamond cutting and polishing industry dealing mostly in small gem stones. However, the availability of raw material at competitive prices to SMEs of this sector has remained a cause of major concern and thus the present request is with a view to give direct access of the SMEs of the sector to the mining companies.

2. The matter has been examined by the Board.

2.1 M/s Surat International Diatrade Centre (SIDC), is a SPV formed by Gem & Jewellery Export Promotion Council of India. SIDC has taken approx. 3000 sq. ft. constructed area on long term lease basis from Gujarat Hira Bourse on rental basis at Ichhapore, Surat and has set up a state of art viewing facility at the said Bourse in Surat. The facility has a Strong Room and necessary commercial, security & related facilities incidental to these activities and M/s Diamond and Gem Development Corporation Ltd. (DGDC) has consented to be the custodian. The Surat Hira Bourse is already notified under Section 8 of the Customs Act interalia for the purpose of storage and clearance of import and export cargo of diamonds vide Notification 20/2012-Customs (N.T.) dated 07.12.2012 issued by Commissioner of Customs, Ahmedabad.

3. It has therefore been decided to allow the facility of a Special Notified Zone at Gujarat Hira Bourse, Ichhapore Surat (hereinafter referred to as SNZ).

3.1 DGDC shall submit the floor plan, proposed facilities, including security related features, for approval under section 8 of the Customs Act, 1962 and in terms of the requirements under "Handling of Cargo in Customs Area Regulation, 2009" to the jurisdictional Principal Commissioner of Customs or Commissioner of Customs, as the case maybe.

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 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/sales will be accompanied by a declaration of value by 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 Air Cargo Complex at Sahar, Mumbai to Surat Hira Bourse as per extant procedures with due safeguards. On arrival at Surat Hira Bourse, the imported parcels will be examined by Customs in the presence of the representatives of the mining company, M/S SIDC and M/S DGDC 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 SNZ 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 DGDC. 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 M/S SIDC and M/S DGDC.
9. The working hours of the SNZ and timings for viewing, auctions/sale shall be notified by M/S SIDC and M/S DGDC in consultation and approval of the jurisdictional Principal Commissioner of Customs or Commissioner of Customs, as the case may be.
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, auctions/ 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 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 SIDC and M/S DGDC, after tallying the carat weight with the import invoice, packing list and Kimberley Certificate and transferred to the Surat Hira Bourse, Surat 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 Surat Hira Bourse.

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. M/S DGDC "on A/C" of the consignor (Mining company) shall file a shipping bill for export of the unsold diamonds at Surat Hira Bourse and transhipped to Air Cargo Complex at Sahar, Mumbai as per extant procedures for shipment out of India. 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 DGDC and in conformity with the regulations under the FTP and RBI.
15. M/S SIDC and M/S DGDC shall be responsible for the receipt, sales, 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 Principal Commissioner of Customs or Commissioner of Customs, as the case may be, shall issue consequential trade notices / standing orders immediately.
17. Difficulties, if any, in implementation of the procedure may be brought to the notice of the Board.
18. Hindi version follows.

(Temsunaro Jamir)
Joint Commissioner (ICD)