

Notification No. 42/99-Customs

- In exercise of the powers conferred by sub-section (1) of section 25 of the Customs Act, 1962 (52 of 1962), the Central Government being satisfied that it is necessary in the public interest so to do, hereby exempts the cut and polished diamonds and Gemstones falling under Chapter 71 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) hereinafter referred to as the said Act, upto five per cent of the Free on Board (FOB) value of the preceding financial year of the exports of cut and polished diamonds or studded jewellery, as the case may be, when imported into India by the holders of Diamond Imprest Licences issued under para 4.4.16 read with para 4.4.16.1 of the EXIM Policy, or by the holders of Gem Replenishment Licences referred to in para 4.58 of the HOP, as the case may be, from the whole of the duty of Customs leviable thereon under the First Schedule to the said Act and from the whole of the additional duty and special additional duty, if any, leviable thereon under section 3 and section 3A respectively of the said Act, subject to the following conditions, namely :-

(i) the importer, in case of cut and polished diamonds, shall have the status of Export House or Trading House or Star Trading House or Super Star Trading House as per the EXIM Policy and in respect of the goods imported the importer is the actual user within the meaning of para 9.5 of the EXIM Policy;

(ii) the maximum weight of any individual piece, in a consignment, of cut and polished diamonds so imported shall not be more than 25 cents or 1/4th of a carat and the entitlement of exemption under this notification shall not be allowed to be carried forward;

(iii) the importer executes a bond in such form and for such sum as may be specified by the Assistant Commissioner of Customs or Deputy Commissioner of Customs undertaking -

(a) to re-export the goods so imported within one year from the date of import or during such extended period as the Assistant Commissioner of Customs or Deputy Commissioner of Customs may allow;

(b) to pay on demand duty of customs as leviable and the penalty and fine, if any, on the quantity of diamond and gemstones which are not exported, within the specified period of one year or extended period under (a) above, as the case may be.

Explanation.- for the purposes of this notification,-

(i) "Export- Import Policy" means the Export and Import Policy, 1st April, 2002-31st March, 2007 published by the Government of India in the Ministry of Commerce and Industry *vide* Notification No. 1/2002-07, dated 31st March, 2002, as amended from time to time.

(ii) " Handbook of Procedures Volume I " means the Handbook of Procedures Volume-I, 2002-2007 published by the Government of India in the Ministry of Commerce and Industry *vide* Public Notice No. 1/2002-2007, dated the 31st March, 2002.

(iii) cut and polished diamonds shall include semi-processed diamonds, half-cut diamonds and broken diamonds in any form.

Notification No. 42/99-Cus., dated 28-4-1999.as amended vide Notification No.64/2002.-cus dated 24-6-2002