

CHAPTER 98

*Project imports; laboratory chemicals; passengers' baggage,
personal importations by air or post; ship stores*

NOTES :

1. This Chapter is to be taken to apply to all goods which satisfy the conditions prescribed therein, even though they may be covered by a more specific heading elsewhere in this Schedule.

2. Heading 9801 is to be taken to apply to all goods which are imported in accordance with the regulations made under section 157 of the Customs Act, 1962 (52 of 1962) and expressions used in this heading shall have the meaning assigned to them in the said regulations.

3. Heading 9802 covers all chemicals, organic or inorganic, whether or not chemically defined, imported in packings not exceeding 500 gms or 500 millilitres and which can be identified with reference to the purity, markings or other features to show them to be meant for use solely as laboratory chemicals.

4. Headings 9803 and 9804 are taken not to apply to :

- (a) motor vehicles;
- (b) alcoholic drinks;
- (c) goods imported through courier service.

5. Heading 9803 is to be taken not to apply to articles imported by a passenger or a member of a crew under an import licence or a Customs Clearance Permit either for his own use or on behalf of others.

6. Heading 9804 is to be taken not to apply to articles imported under an import licence or a Customs Clearance Permit.

| Tariff Item | Description of goods | Unit | Rate of duty | |
|-------------|----------------------|------|--------------|--------------------|
| | | | Standard | Preferential Areas |
| (1) | (2) | (3) | (4) | (5) |

9801

ALL ITEMS OF MACHINERY INCLUDING PRIME MOVERS, INSTRUMENTS, APPARATUS AND APPLIANCES, CONTROL GEAR AND TRANSMISSION EQUIPMENT, AUXILIARY EQUIPMENT (INCLUDING THOSE REQUIRED FOR RESEARCH AND DEVELOPMENT PURPOSES, TESTING AND QUALITY CONTROL), AS WELL AS ALL COMPONENTS (WHETHER FINISHED OR NOT) OR RAW MATERIALS FOR THE MANUFACTURE OF THE AFORESAID ITEMS AND THEIR COMPONENTS, REQUIRED FOR THE INITIAL SETTING UP OF A UNIT, OR THE SUBSTANTIAL EXPANSION OF AN EXISTING UNIT, OF A SPECIFIED :

- (1) INDUSTRIAL PLANT,
- (2) IRRIGATION PROJECT,
- (3) POWER PROJECT,
- (4) MINING PROJECT,
- (5) PROJECT FOR THE EXPLORATION FOR OIL OR OTHER MINERALS, AND
- (6) SUCH OTHER PROJECTS AS THE CENTRAL GOVERNMENT

| (1) | (2) | (3) | (4) | (5) |
|------------|--|--|-----|--------|
| | MAY, HAVING REGARD TO THE ECONOMIC DEVELOPMENT OF THE COUNTRY NOTIFY IN THE OFFICIAL GAZETTE IN THIS BEHALF; AND SPARE PARTS, OTHER RAW MATERIALS (INCLUDING SEMI-FINISHED MATERIAL) OR CONSUMABLE STORES NOT EXCEEDING 10% OF THE VALUE OF THE GOODS SPECIFIED ABOVE PROVIDED THAT SUCH SPARE PARTS, RAW MATERIALS OR CONSUMABLE STORES ARE ESSENTIAL FOR THE MAINTENANCE OF THE PLANT OR PROJECT MENTIONED IN (1) TO (6) ABOVE | | | |
| 9801 00 | - | <p><i>All items of machinery including prime movers, instruments, apparatus and appliances, control gear and transmission equipment, auxiliary equipment (including those required for research and development purposes, testing and quality control), as well as all components (whether finished or not) or raw materials for the manufacture of the aforesaid items and their components, required for the initial setting up of a unit, or the substantial expansion of an existing unit, of a specified :</i></p> <p><i>(1) industrial plant,</i></p> <p><i>(2) irrigation project,</i></p> <p><i>(3) power project,</i></p> <p><i>(4) mining project,</i></p> <p><i>(5) project for the exploration for oil or other minerals, and</i></p> <p><i>(6) such other projects as the Central Government may, having regard to the economic development of the country notify in the Official Gazette in this behalf; and spare parts, other raw materials (including semi-finished materials of consumable stores) not exceeding 10% of the value of the goods specified above, provided that such spare parts, raw materials or consumable stores are essential for the maintenance of the plant or project mentioned in (1) to (6) above :</i></p> <p><i>Machinery :</i></p> | | |
| 9801 00 11 | --- | For industrial plant project | kg. | 10% - |
| 9801 00 12 | ---- | For irrigation plant | kg. | 10% - |
| 9801 00 13 | ---- | For power project | kg. | 10% - |
| 9801 00 14 | ---- | For mining project | kg. | 10% - |
| 9801 00 15 | ---- | Project for exploration of oil or other minerals | kg. | 10% - |
| 9801 00 19 | ---- | For other projects | kg. | 10% - |
| 9801 00 20 | --- | Components (whether or not finished or not) or raw materials for the manufacture of aforesaid items required for the initial setting up of a unit or the substantial expansion of a unit | kg. | 10% - |
| 9801 00 30 | --- | Spare parts and other raw materials (including semi-finished materials or consumable stores for the maintenance of plant or project | kg. | 10% - |
| 9802 00 00 | | LABORATORY CHEMICALS | kg. | 10% - |
| 9803 00 00 | | ALL DUTIABLE ARTICLES, IMPORTED BY A PASSENGER OR A MEMBER OF A CREW IN HIS BAGGAGE | kg. | 100% - |
| 9804 | | ALL DUTIABLE ARTICLES, INTENDED FOR PERSONAL USE, | | |
| | | IMPORTED BY POST OR AIR | | |
| 9804 10 00 | - | Drugs and medicines | kg. | 35% - |
| 9804 90 00 | - | Other | kg. | 35% - |

| (1) | (2) | (3) | (4) | (5) |
|-------------|--|-----|-----|-----|
| 9805 | THE FOLLOWING ARTICLES OF STORES ON BOARD OF A VESSEL OR AIRCRAFT ON WHICH DUTY IS LEVIABLE UNDER THE CUSTOMS ACT, 1962 (52 OF 1962), NAMELY: | | | |
| 9805 10 00 | - Prepared or preserved meat, fish and vegetables; dairy products; soup; lard; fresh fruits | kg. | 10% | - |
| 9805 90 00 | - All other consumable stores excluding fuel, lubricating oil, alcoholic drinks and tobacco products | kg. | 10% | - |

PROJECT IMPORTS

Project Imports Regulations, 1986

[Notfn. No. 230/86-Cus. dt. 3.4.1986 as amended by Notfn. Nos. 17/92, 142/92, 153/95, 54/97, 92/02, 37/03, 16/04, 17/06, 30/07 and 15/10]

In exercise of the powers conferred by section 157 of the Customs Act, 1962 (52 of 1962) and in supersession of the Project Imports (Registration of Contract) Regulation, 1965, except as respect things done or omitted to be done before such supersession, the Central Board of Excise and Customs hereby makes the following regulations, namely:-

1. Short title and commencement:
 - (1) These regulations may be called the Project Imports (Amendment) Regulation, 2007
 - (2) They shall come into force on the **1st day of March, 2007.**
2. Application:- These regulations shall apply for assessment and clearance of the goods falling under heading No. 98.01 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975).
3. Definition:- For the purposes of these regulations:-
 - (a) "industrial plant" means an industrial system designed to be employed directly in the performance of any process or series of processes necessary for manufacture, production or extraction of a commodity, but does not include;-
 - (i) establishment designed to offer services of any description such as hotels, hospitals, photographic studios, photographic film processing laboratories, photocopying studios, laundries, garages and workshops; or
 - (ii) a single machine or a composite machine, within the meaning assigned to it, in Notes 3 and 4 to section XVI of the said First Schedule;

Explanation.— For the purposes of sub-clause(i), the expression "establishments designed to offer services of any description" shall not include video recording or editing units, cinematographic studios, cinematographic film processing laboratories and sound recording, processing, mixing or editing studios;

(b) "Sponsoring authority" means authority specified in the Table annexed to these regulations;

- (c) "substantial expansion" means an expansion which will increase the existing installed capacity by not less than 25 per cent;
- (d) "unit" means any self-contained portion of an industrial plant or any self contained portion of a project specified under the said heading No. 98.01 and having an independent function in the execution of the said project.
4. **ELIGIBILITY:-** The assessment under the said heading No. 98.01 shall be available only to those goods which are imported (whether in one or more than one consignment) against one or more specific contracts, which have been registered with the appropriate Custom House in the manner specified in regulation 5 and such contract or contracts has or have been so registered:-
- (i) before any order is made by the proper officer of customs permitting the clearance of the goods for home consumption;
- (ii) in the case of goods cleared for home consumption without payment of duty subject to re-export in respect of fairs, exhibitions, demonstrations, seminars, congresses and conferences, duly sponsored or approved by the Government of India or Trade Fair Authority of India, as the case may be, before the date of payment of duty.
5. **REGISTRATION OF CONTRACTS:-** (1) Every importer claiming assessment of the goods falling under the said heading No. 98.01, on or before their importation shall apply in writing to the proper officer at the port where the goods are to be imported or where the duty is to be paid for registration of the contract or contracts, as the case may be:
- Provided that in the case of consignments sought to be cleared through a Custom House other than the Customs House at which the contract is registered, the importer shall produce from the Custom House of registration such information as the proper officer may require.
- (2) The importer shall apply, as soon as may be, after he has obtained the Import trade control licence wherever required for the import of articles covered by the contract and in case of imports covered by the Open General Licence or imports made by Central Government, any State Government, statutory Corporation, public body or Government undertaking run as a joint stock company (hereinafter referred to as "Government Agency") as soon as clearance from the Directorate General of Technical Development or the concerned sponsoring authority, as the case may be, has been obtained.
- (3) The application shall specify:-
- (a) the location of the plant or project;
- (b) the description of the articles to be manufactured, produced, mined or explored;
- (c) the installed or designed capacity of the plant or project and in the case of substantial expansion of an existing plant or project the installed capacity and the proposed addition thereto;
- (d) such other particulars as may be considered necessary by the proper officer for purposes of assessment under the said heading.

(4) The application shall be accompanied by the original deed of contract together with a true copy thereof, the import trade control licence, wherever required and an approved list of items from the Directorate General of Technical Development or the concerned sponsoring authority,

(5) The importer shall also furnish such other documents or other particulars as may be required by the proper officer in connection with the registration of contract.

(6) The proper officer shall, on being satisfied that the application is in order register the contract by entering the particulars thereof in a book kept for the purpose, assign a number in token of the registration and communicate that number to the importer and shall also return to the importer all the original documents which are no longer required by him.

6. AMENDMENT OF CONTRACT:- (1) If any contract referred to in regulation 5 is amended, whether before or after registration, the importer shall make an application for registration of the amendments to the said contract to the proper officer.

(2) The application shall be accompanied by the original deed of contract relating to the amendments together with a true copy thereof and the documents, if any, permitting consequential amendments to the import trade control licence, wherever required, for the import of articles covered by the contract and in the case of imports covered by Open General Licence, as soon as clearance from the Directorate General of Technical Development or the concerned sponsoring authority, as the case may be, has been obtained along with a list of articles referred to in clause (4) of regulation 5, duly attested.

(3) On being satisfied that the application is in order, the proper officer shall make a note of the amendments in the register.

7. FINALISATION OF CONTRACT - The importer shall within three months from the date of clearance for home consumption of the last consignment of the goods or within such extended period as the proper officer may allow, submit a statement indicating the details of the goods imported together with necessary documents as proof regarding the value and quantity of the goods so imported in terms of this Regulation and any other document that may be required by the proper officer for finalisation of the contract.

TABLE

| S.No. 1. | Name of the Plant or Project 2. | Sponsoring Authority 3. |
|-------------|--|---|
| 1. | All plants and projects under SSI Units. | Director of Industries of the concerned State. |
| 2. | All Power Plants and Transmission Projects NTPC under,- | National Thermal Power Corporation Ltd. Bhavan, Scope Complex, 7, Lodhi Road., Institutional area, New Delhi-110 003. |
| | (a) National Thermal Power Corporation Ltd. | Tehri Hydro Development Corporation Ltd., Bhagirathi Bhawan (Top terrace), Bhagirathipuram, Tehri (Garhwal) 249 001 (UP). |
| | (b) Tehri Hydro Development Corporation Ltd. | Nathpa Jhakri Power Corporation Ltd., Himfed |
| | (c) Nathpa Jhakri Power Corporation Ltd. | |

| 1. | 2. | 3. |
|-----|--|--|
| | (d) North Eastern Electric Power Corporation Ltd. | Building Khalini, Shimla (HP). North Eastern Electric Power Corporation Ltd., Brookland Compound Lower New Colony Shillong-793 001. |
| | (e) National Hydroelectric Power Corporation Ltd. | National Hydroelectric Power Corporation Ltd., NHPC Office Complex Sector-33, Faridabad, Faridabad (Haryana). |
| | (f) Bhakra Beas Management Board. | Bhakra Beas Management Board Madhya Marg, Sector-19/B Chandigarh-160 019. |
| | (g) Central Power Research Institute. | Central Power Research Institute, Prof. C.V. Raman Road, Raj Mahal Vilas Extn. II, Stage P.O., P.B.No.9401, Bangalore -560 094. |
| | (h) National Power Training Institute. | National Power Training Institute Sector 33, Faridabad Haryana - 121 003. |
| | (i) Power Grid Corporation of India Ltd. | Power Grid Corporation of India Ltd. Hemkunt Chambers, 6th Floor, 87, Nehru Place New Delhi-110 019. |
| 3. | Power Plants & Transmission Projects other than those mentioned at Sl.No.2 above. | Secretary to the State Government or Union Territory concerned dealing with the subject of power or electricity. |
| 3A. | Drinking Water Supply Projects for supply of water for human or animal consumption. | Collector/District Magistrate/Deputy Commissioner of the District in which the project is located. |
| 3B. | Aerial Passenger Ropeway Project | Joint Secretary to the Government of India in the Ministry of Tourism or the Secretary to a State Government dealing with subject of tourism. |
| 3C. | Water Supply Projects | Collector/District Magistrate/Deputy project is located |
| 3D. | Pipeline projects for the transporation of crude oil, petroleum products or natural gas. | Ministry of Petroleum and Natural Gas. |
| 3E. | (a) Digital Cinema development projects (b) Digital head end project | Ministry of Information and Broadcasting. |
| 3F. | Monorail projects for urban public transport | Concerned State Government |
| 3G. | Project for installation of mechanized handling systems and pallet racking systems in mandis and warehouses for food grains, sugar and horticulture produce. | Ministry of Agriculture |
| 3H. | Cold storage, cold room (including farm level pre-cooling) or industrial projects for preservation, storage or processing of agricultueal, apiary, horticultural, dairy, poultry, aquatic and marine produce and meat | Ministry of Food processing Industries |
| 3I. | Green house set up for protected cultivation of horticulture and floriculture produce. | Ministry of Agriculture |
| 4. | Any other Plant and Project. | Concerned Administrative Ministry or Department. |

Projects Notified under Heading 98.01

[Notfn. No. 42/23.7.1996 as amended by 14/97,45/97,29/99,21/00,103/01,24/02,91/02,28/03, 15/04, 18/06, 46/06, 7/07, 31/07,18/10, 17/12.]

In exercise of the powers conferred by sub-item (6) of heading No.98.01 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), the Central Government, having regard to the economic development of the country, hereby notifies each of the projects specified below as a project for the purpose of assesment under the said heading.

1. Port Mechanical Ore Handling Plant.
2. Salaya-Koyali Mathura Crude Oil Pipe Line Project.
3. Bombay Water Supply and Severage Project

4. Mathura-Delhi-Ambala-Jullundur Product Pipeline Project.
5. Operation Flood III Project of National Dairy Development Board.
6. Bombay-Pune Product Pipeline Project.
7. Gas Pipeline Projects of the Gas Authority of India Ltd.
8. Pipeline Expansion Phase IIIA - Jorhat to Bongaigaon.
9. Railway Electrification Project.
10. Research and Development Project of Research, Designs and Standards Organisation of the Indian Railway, Lucknow.
11. Calcutta Metro Railway project.
12. Konkan Railway project.
13. Kandla-Bhatinda Pipeline Project.
14. SEA-ME-WE2 Submarine Cable project.
15. National Stock Exchange Project.
16. Port Development Projects.
17. Bombay - Manmad Manglya (Indore) Pipeline Project.
18. Vishakh - Vijaywada-Secunderabad Pipeline Project.
19. Power Transmission Projects of 66 KV and above.
20. Road Development Projects of the National Highways Authority of India
21. Urban Distribution Development Projects of Andhra Pradesh State Electricity Board in Hyderabad and Tirupathi Towns.
22. Cochin International Airport project.
23. LNG Terminal of Petronet LNG Project at Dahej
24. Koyali-Navagam-Viramgam-Sidhpur-Kot-Sanganer Product Pipeline Project.
25. Delhi MRTS Project.
26. Drinking Water Supply Projects for supply of water for human or animal consumption.

Explanation- Drinking water supply Project includes a plant for desalination, demineralization or purification of water or for carrying out any similar process of processes intended to make the water fit for human or animal consumption, but does not include a plant supplying water for industrial purposes.

- 26A. Water Supply Projects

Explanation- Water supply Project includes a plant for desalination, demineralization or purification of water or for carrying out any similar process or processes intended to make the water fit for agricultural or industrial use.

27. LNG Terminal Project of M/s Hazira LNG Private Limited at Hazira (Gujarat).
28. Mandra-Kandla Crude Oil Pipeline Project.
29. Panipat-Rewari Product Pipeline Project.
30. Project for conversion of Kandla-Panipat Section of Kandla-Bhatinda Pipeline Project into Crude Oil service.
31. Project for LNG Regassification Plant.
32. Aerial Passenger Ropeway Project".

33. Pipeline Projects for transporation of crude oil, petroleum products or natural gas.
34. National Automotive Testing and Research and Development Infrastructure Project (NATRIP).
35. Airport development projects
36. Metro Road projects.
37. Digital Cinema development projects.
38. Monorail projects for urban public transport.
39. Digital headend projects.
40. Project for installation of mechanized handling systems and pallet racking systems in mandis and warehouses for food grains, sugar and horticulture produce.
41. Cold storage, cold room (including farm level pre-cooling) or industrial projects for preservation, storage or processing of agricultueal, apiary, horticultural, dairy, poultry, aquatic and marine produce and meat.
42. Green house set up for protected cultivation of horticulture and floriculture produce.

EXEMPTION NOTIFICATIONS

Exemption to Water Supply Projects:

[Notfn. No. 14/04-Cus. dt. 8.1.2004]

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 Water Supply Projects, falling under heading 9801 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), from the whole of the duty of customs leviable thereon under the said First Schedule, and from whole of the additional duty leviable thereon under section 3 of the said Customs Tariff Act.

Explanation: Water Supply project includes a plant for desalination, demineralization or purification of water or for carrying out any similar process or processes intended to make the water fit for agricultural or industrial use.

2. This notification shall come into force on the 9th day of January, 2004

Concessional rate of duty for specified goods imported by a passenger as baggage

[Notfn. No. 49/23.7.1996 as amended by 23/97, 28/98, 37/99, 20/00, 20/01, 24/02, 122/03, 12/04 and 32/07.]

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 goods specified in column (2) of the Table hereto annexed and falling under heading No.98.03 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975), when imported into India by a passenger as baggage, from so much of that portion of the duty of customs leviable thereon under the said First Schedule, as is in excess of the amount calculated at the rate specified in the corresponding entry in column (3) of the said Table, but for the classification of such goods under heading No.98.03 of the said First Schedule, subject to the conditions, if any specified in the corresponding entry in column (4) of the said Table.

TABLE

| S.No. | Description | Rate | Condition |
|-------|---|---|---|
| (1) | (2) | (3) | (4) |
| 1. | <p>The Following, namely:-</p> <p>(I) Goods specified in the notification of the Government of India in the Ministry of Finance (Department of Revenue and Banking or Department of Revenue and insurance or Deptt. of Revenue as the case may be.) Nos. 174/66-Customs, dated the 24th September, 1966, 80/70-Customs, dated the 29th August, 1970, 207/89-Customs, dated the 17th July, 1989. 148/94-Customs, dated the 13th July, 1994 (S.Nos. 5 and 6). 154/94-Customs, dated the 13th July, 1994 and 51/96 Customs, dated the 23rd July, 1996 and 121/2003-Customs, dated the 1st August, 2003</p> <p>(II) The goods specified in the Table to the notification of the Government of India in the Ministry of Finance (Department of Revenue) :- No. 21/2002- Customs dt. 1st March, 2002 against Sl. No. 83, in column (3) at item Nos. (A) and (C) S.No.132, in column (3) at item No.(1) (Cinematograph films, exposed but not developed) and S.Nos. 140, 160, 161 (only blank travellers Cheques), 164, 245, 247, 349, 363, 367, 369 and 370.</p> <p>(III) The goods specified against item Nos. A and B of the Table to the notification of the Government of India in the Ministry of Finance (Department of Revenue) No.37/96-Customs, dated the 23rd July, 1996.</p> | Rate specified in the said notifications | Conditions, if any, specified in the said notifications |
| 2. | Newspapers (including periodicals falling within heading No.49.02, music manuscripts falling within heading No.49.04, topographical plans falling within heading No. 49.05, plans, drawings and designs falling within heading no. 49.06 postage stamps falling within heading No. 97.04 and medals falling under heading No.97.05 of the First Schedule to the said Customs Tariff Act. | Rate specified in the said First Schedule | -- |

Exemption to one laptop computer when imported into India by a passenger of the age of 18 years or above:

[Notfn. No. 11/04-Cus. dt. 8.1.2004]

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 one laptop computer (notebook computer) falling under tariff item 98030000 of the First Schedule to the Customs Tariff Act, 1975 (51 of 1975) when imported into India by a passenger of the age of 18 years or above (other than member of crew) from whole of the duty of Customs leviable thereon under the First Schedule to the said Customs Tariff Act.

2. This notification shall come into force on and from the 9th day of January 2004.

Ch. 98: Refund of additional duty of Customs in certain cases:
[Section 124 of the Finance Bill 2002.]

Notwithstanding anything contained in section 25 of the Customs Act, barge mounted power plants, falling under heading 98.01 of the First Schedule to the Customs Tariff Act, shall be deemed to have been exempted from the whole of the additional duty of customs leviable thereon under sub-section (1) of section 3 of the Customs Tariff Act, within the period commencing from the 8th December, 2000 and ending with the 28th February, 2002 (both the dates inclusive) and accordingly, notwithstanding anything contained in any judgment, decree or order of any court, tribunal or other authority, barge mounted power plants shall be deemed to be, and always to have been, exempted from the said additional duty of customs as if the exemption given by this sub-section had been in force at all material times.

(2) For the purposes of sub-section (1), the Central Government shall have and shall be deemed to have the power to exempt the goods referred to in the said sub-section with retrospective effect as if the Central Government had the power to exempt the said goods under sub-section (1) of section 25 of the Customs Act, retrospectively at all material times.

(3) Refund shall be made of all such additional duty of customs which have been collected but which would have not been so collected if the exemption referred to in sub-section (1) had been in force at all material times.

(4) Notwithstanding anything contained in section 27 of the Customs Act, an application for the claim of refund of the additional duty of customs under sub-section (3) shall be made within six months from the date on which the Finance Bill, 2002 receives the assent of the President.