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WCO Programme Global Shield (PGS) – E-book No.07

[Training Material for Departmental Use]

E-BOOK

On

Import / Export Of Urea

Note:

1. In this E-book, attempts have been made to explain about **Compulsory Compliance Requirement for Import / Export of Urea [a Precursor Chemical for manufacture of IEDs]**. It is expected that it will help departmental officers in their day-to-day work.
2. Though all efforts have been made to make this document error free, but it is possible that some errors might have crept into the document. If you notice any errors, the same may be brought to the notice of the NACEN, RTI, Kanpur on the Email addresses: rtinacenkanpur@yahoo.co.in or goyalcp@hotmail.com. This may not be a perfect E-book. If you have any suggestion to improve this book, you are requested to forward the same to us.
3. This e-book is one of the several e-books dealing with different aspects of WCO Programme Global Shield (PGS). The Programme Global Shield (PGS) is a long term law enforcement initiative of WCO alongwith its partner organizations, namely, United Nations Office on Drug and Crime (UNODC), International Police Organization (INTERPOL) and member countries. This Programme is aimed at combating the illicit diversion and trafficking of high risk precursor chemicals, which are commonly used by criminal elements/terrorist organizations to make Improvised Explosive Devices (IEDs).
4. It is acknowledged here that in preparing this e-book, the WCO training material as well as material from other sources including that available freely on internet have been used. Wherever possible, the source of material has been indicated in this e-book. It might be possible that for some material, we may not have specifically mentioned such source. This e-book is meant for education and training of Customs officers in India and is for non-commercial use. While it is not our intention to infringe any copyrights, if anybody has any issue with regard to any of the material used in this e-book, the same may kindly be brought to our notice on the email addresses mentioned above.
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Sd/-

(C. P. Goyal)
Additional Director General
NACEN, RTI, Kanpur
E-mail: goyalcp@hotmail.com

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Abbreviations

| | |
|---------------------------|---|
| CAS No: | Chemical Abstract Service Number <i>[Note: CAS numbers are universally used to provide a unique, unmistakable identifier for chemical substances and provide an unambiguous way to identify a chemical substance. A CAS No. is separated by hyphens into three parts-the first consisting from two to seven digits, the second consisting of two digits, and the third consisting of a single digit serving as a check digit.]</i> |
| CBEC: | Central Board of Excise and Customs |
| CCR: | Compulsory Compliance Requirement |
| DGFT: | Director General of Foreign Trade |
| FCO: | Fertilizer (Control) Order, 1985 <i>[Note: It has been issued under the Essential Commodities Act, 1955 and is administered by Department of Fertilizers in the Ministry of Chemicals and Fertilizers, Govt. of India. The FCO lays down as to what substances qualify for use as fertilizers in the soil, product-wise specifications, methods for sampling and analysis of fertilizers, procedure for obtaining license/registration as manufacturer/ importer/ dealer in fertilizers and conditions to be fulfilled for trading thereof, etc.]</i> |
| FTP: | Foreign Trade Policy, 2015-2020 <i>[Note: It is a policy document issued by the Government of India under Section 5 of the FT (D& R) Act, 1992 and specifies policy for exports and imports.]</i> |
| FT (D &R) Act: | Foreign Trade (Development & Regulation) Act, 1992 |
| HS Code: | Harmonized System of Commodity Description and Coding System <i>[Note: It is an internationally standardized system of names and numbers for classifying traded products. It has been developed and is maintained by WCO. It is based on HS Convention.]</i> |
| IED: | Improvised Explosive Devices |
| ITC(HS): | Indian Trade Classification based on Harmonized System at 8 digits |
| MSDS: | Material Safety Data Sheet (MSDS) <i>[Note: It is a document mandatorily required to be provided by the manufacturer and contains information on physical and chemical properties of material, potential hazards of the material, and how to work safely with hazardous substances. It also contains information on the use, storage, handling, and emergency procedures related to hazards of the material. Every MSDS contain at least eight (8) sections, but most contain additional sections also. To know more about MSDS, refer to e-book on MSDS.]</i> |
| PGS: | Programme Global Shield (It is an international Programme aimed at prevention of smuggling and diversion of Precursor Chemicals for manufacture of IEDs) |
| STE: | State Trading Enterprises |

Import/Export of Urea

[Note: The State Trading Enterprises (STEs), are those entities which are granted exclusive right / privileges export and / or import [as per para 2.20 (a) of FTP].

UN Code: United Nation Number

[Note: UN numbers, or UN IDs are four digit numbers and this coding system has been developed by the United Nations Committee of Experts on transportation of dangerous goods. It identifies hazardous substances and articles (such as explosives, flammable liquids, toxic substances etc.)]

WCO: World Custom Organization

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1. *Introduction:*

- 1.1 **Urea** is one out of 14 precursor chemicals which are commonly used by terrorist group/ criminals syndicates to manufacture IEDs. Therefore, its import and export is monitored under **Programme Global Shield** as to prevent it falling into hands of terrorist or such organization. It is used in agriculture as fertilizer, but it can also be used for manufacturing Improvised Explosive Device (IEDs).
- 1.2 It is an inorganic chemical and commonly used as nitrogen release fertilizer in Agriculture. It also has industrial uses. The HS code or CTH for Urea is 31021000 and the CAS No. is 57-13-6. *[To know more about HS Code/CAS No./UN No., please refer to e-book on HS Code/CAS Code/UN Code].*
- 1.3 It is the responsibility of all regulatory and enforcement organizations located at border trade points as well as inside the country to ensure that this chemical is used for licit purposes only and should not be allowed to fall into hands of criminal elements. Customs authorities, being placed at Border points, have important responsibility to ensure that all imports/ exports of Urea are in compliance with statutory provisions. By carrying out our responsibilities with sincerity, we can not only keep our country safe, but also help other countries being safe.
- 1.4 Government of India has declared fertilizers as an essential commodity under the Essential Commodities Act, 1955 and notified Fertilizer Control Order (FCO) under this Act. The distribution of fertilizers to the farmers within the States is the responsibility of the concerned State Government.
- 1.5 State Governments are adequately empowered to conduct search, make seizures and take punitive action against any person violating the provisions of FCO, 1985 and Essential Commodities Act, 1955.
- 1.6 Import of urea in the country is restricted and its import for direct agriculture use is made on Government account through State Trading Enterprises. Urea is under statutory price control of Government of India (GoI) and sold to the farmers at uniform Maximum Retail Price at Indian Rs. 5,360/- per MT excluding local taxes in the country.
- 1.7 The difference of cost of Import (including custom duty), handling and distribution of urea upto farm gate and MRP is borne by the Government of India as subsidy on imported urea.

Table I: Details about Urea at a glance

| | | | |
|--|-------------------------|---|-------------------|
|  | Name Of Chemical | Other Names | Appearance |
| | Urea | Carbamide, carbonyl diamide, carbonyldiamine, diaminomethanal, diaminomethanone | White Solid |
| | Common Uses | Nitrogen-release fertilizer, raw material for the chemical industry | |
| | HS Code | 310210 | |
| | CAS Code | 57-13-6 | |
| | UN Code | [Not Assigned as it is not considered hazardous] | |

2. Summary of Legal provisions Applicable to Import/ Export of Urea

Table II

| Sr. No. | Act/Section/Rules/Notification/Circular | Subject |
|---------|---|---|
| 1. | Fertilizer Control Order, 1985 | This has been issued under the Essential Commodities Act, 1955 and is administered by Department of Fertilizers in the Ministry of Chemicals and Fertilizers, Govt. of India. The FCO lays down as to what substances qualify for use as fertilizers in the soil, product-wise specifications, methods for sampling and analysis of fertilizers, procedure for obtaining license/registration as manufacture/importer/dealer in fertilizers and conditions to be fulfilled for trading thereof, etc. |

Import/Export of Urea

| | | |
|----|--|---|
| 2. | ITC (HS)- Schedule I and 2 | <ul style="list-style-type: none">• Under ITC (HS) Code 31021000, it provides that import and export of Urea is restricted.• Urea other than Industrial grade/Technical Grade can be imported by STE only. Industrial grade/Technical grade urea can be imported without license subject to actual user condition.• Export of Urea is restricted and requires export licence from office of the DGFT. |
| 3. | DGFT notification No. 4 /2015-2020,dated 28.04.2015 <i>[Issued under Para 1.02 and 2.01 of FTP read with Section 3 of the FT (D & R) Act, 1992 (Administrative Ministry: Ministry of Commerce & Industry, Department of Commerce).</i> | It amends the ITC (HS) to provide that w.e.f. 28.04.2015, Import of Industrial Urea /Technical Grade Urea (TGU) is free, subject to Actual User condition. Urea of grade other than Industrial/Technical grade can only be imported through State Trading Enterprises only. |

3. Important websites

- (i) The website of the Department of Fertilizers in the Ministry of Chemicals and Fertilizers, India i.e. www.fert.nic.in to get details of Fertilizer Control Order, 1985 and latest Policy provisions relating to import/export /manufacture/distribution of Urea.
- (ii) website of Directorate General of Foreign Trade in the Ministry of Commerce & Industry, India i.e. www.dgft.gov.in, inter alia, for latest policy provisions relating to import/export of Urea and other relevant information.
- (iii) Website of WCO i.e. www.wcoomd.org to know more about World Customs Organization, its activities and about Programme Global Shield.
- (iv) Website of Central Board of Excise & Customs, Department of Revenue, Ministry of Finance, India i.e. www.cbec.gov.in to know more about Indian Customs, legal text of indirect tax statutes, rule, notifications, instructions etc.
- (v) Website of National Academy of Customs, Excise and Narcotics, Regional Training Institute, Kanpur, India i.e. www.nacenkanpur.gov.in for free learning resources in the form of e-books on Customs, Central Excise and Service Tax.

4. Reference Materials

4.1 Provisions [Paragraph 2.20] of Foreign Trade Policy, 2015-2019 [Issued by the Ministry of Commerce & Industry]

Para 2.20 of [FTP, 2015-2020](#) provides policy relating to State Trading Enterprises and reads as under:-

- (a) State Trading Enterprises (STEs) are governmental and non-governmental enterprises, including marketing boards, which deal with goods for export and /or import. Any good, import or export of which is governed through exclusive or special privilege granted to State Trading Enterprises (STE), may be imported or exported by the concerned STE as per conditions specified in ITC (HS). The list of STEs has been notified by DGFT J.
- (b) Such STE (s) shall make any such purchases or sales involving imports or exports solely in accordance with commercial considerations, including price, quality, availability, marketability, transportation and other conditions of purchase or sale in a non-discriminatory manner and shall afford enterprises of other countries adequate opportunity, in accordance with customary business practices, to compete for participation in such purchases or sales.
- (c) DGFT may, however, grant an authorization to any other person to import or export any of the goods notified for exclusive trading through STEs.

4.2 ITC (HS) Provisions relating to Import /Export of Urea

4.2.1. ITC (HS) Policy for Import of Urea as amended *vide* DGFT Notification No. 4/2015-2020, dated 28.04.2015] is as under:-

| HS code | Item Description | Policy | Policy condition |
|----------|--|------------|---|
| 31021000 | Urea, whether or not in aqueous solution | Restricted | Import allowed through State Trading Enterprise. However, import of Industrial Urea / Technical Grade Urea (TGU) shall be free, subject to Actual User condition. |

4.2.2. ITC (HS) Policy for Export of Urea as contained in Schedule 2 provides as under:-

| Entry No. | Tariff Item (HS) Code | Unit | Item description | Export Policy | Nature of Restriction |
|-----------|-----------------------|------|------------------|---------------|---------------------------------|
| 157 | 3102 10 00 | Kg | Urea | Restricted | Export permitted under licence. |

4.3 *Vide DGFT Notification No.04/2015-2020, dated 28.04.2015*, the import policy for certain grades of Urea under ITC (HS) has been liberalized. This notification provides as under:-

Subject: Amendment in import policy of Urea under ITC (HS) code 3102 10 00 of Chapter 31 of ITC (HS), 2012 – Schedule – 1 (Import Policy).

S.O. (E): In exercise of powers conferred by Section 3 of FT (D&R) Act, 1992, read with paragraph 1.02 and 2.01 of the Foreign Trade Policy, 2015-2020, the Central Government hereby amends the Import Policy of Urea under ITC (HS) code 3102 1000 of Chapter 31 of ITC (HS), 2012 – Schedule – 1 (Import Policy).

2. On amendment, the ITC (HS) code 3102 10 00 will read as:

| ITC (HS) Code | Item | Existing Policy | Revised Policy |
|---------------|---|---------------------------------|--|
| 310210 00 | <i>Urea, whether or not in aqueous solution</i> | <i>State Trading Enterprise</i> | <i>State Trading Enterprise. However, import of Industrial Urea / Technical Grade Urea (IGU) shall be free, subject to Actual User condition</i> |

Effect of this Notification: Industrial Urea / Technical Grade Urea (IGU) is being made freely importable with Actual User condition.

[Issued from File No.01/89/180/102/AM-02/PC-2 (A)]
