

**NORMS FOR COMPOUNDING OF OFFENCE, UNDER
THE RUBBER ACT, 1947:**

For the purpose of compounding of offences under section 26A of the Act, the compounding amount shall be as provided herein below (Revised w.e.f. **08.08.2014**).

I. DEALERS/PROCESSORS/ESTATES

<i>Sl. No.</i>	<i>Offence</i>	<i>Compounding Amount</i>
1.	<p>a) Sale or otherwise disposing of/purchase or otherwise acquiring rubber by/to/from a dealer / manufacturer / estate / processor before renewal of licence of either/ both of the seller and buyer – violation of Section 14 of the Act.</p> <p>b) Purchase or otherwise acquiring rubber from an unregistered dealer/processor, by a licensee or a dealer /processor who has not renewed the licence - violation of section 14 of the Act.</p> <p>c) Sale or otherwise disposing of rubber to a manufacturer in excess of the licensed quantity - violation of section 14 of the Act.</p> <p>d) Consumption of rubber by a dealer – violation of rule 40 of the Rubber Rules.</p> <p>e) Entrusting/doing job work with / by a dealer / processor who do not hold valid licence – violation of sections 14 and 16(1) of the Act.</p>	<p>A) <u>When there is no cess loss to the Board</u></p> <p>Amount equivalent to one time cess for a quantity up to 2500 kg. For the quantity exceeding 2500 kg, an amount @ 10 paise per kg. will be added to the above.</p> <p>B) <u>When there is cess loss</u></p> <p>Amount equivalent to two times cess, for a quantity up to 2500 kg. For the quantity exceeding 2500 kg, an amount @ Rs.2.10 per kg. will be added to the above.</p>
2.	<p>Possession of rubber in excess of book balance, at the approved storage premises – violation of sections 14, 16(1) and 20(b) of the Act.</p>	<p>a) Amount equivalent to one time cess on the excess stock of rubber, subject to its accounting in the stock register and other books of accounts, returns etc.</p> <p>b) Amount equivalent to two times cess on the excess stock, if refused to account.</p>

3.	Concealment / non-accounting of rubber purchased or otherwise acquired / sold or otherwise disposed of to a licensee - violation of sections 14, 16(1) and 20(b) of the Act.	<p>a) Amount equivalent to one time cess on the quantity involved, subject to its accounting in the stock register and other books of accounts, returns etc.</p> <p>b) Amount equivalent to two times cess on the quantity involved, if refused to account / buyer disowns the purchase.</p>
4.	Shortage of stock of rubber, detected on inspection of records and/physical stock – violation of sections 14 and 20(b) of the Act.	Amount equivalent to two times cess on the quantity so detected.
5.	<p>Books of accounts/records not produced and/stock of rubber / storage not subjected for inspection when required for – violation of sections 20(b) and 20(c) of the Act.</p> <p>a) Stock register produced, but physical stock not subjected for inspection:</p> <p>b) Physical stock subjected for inspection, but stock register not produced:</p> <p>c) Stock register and storage not produced / subjected for inspection:</p>	<p>Amount equivalent to one time cess on the book balance (updated) at the time of inspection.</p> <p>Amount equivalent to one time cess on the physical stock plus applicable amount under these norms, for the excess / shortage of rubber, if any, on the date of inspection, detected when stock register is produced.</p> <p>Amount equivalent to one time cess on the book balance on the date of inspection (The highest among opening balance, in between balance and closing balance will be taken into account, when stock register is produced.)</p>
6	Transportation of rubber at a time when licence of the consignor and/consignee is not renewed, but accompanied by all valid documents - violation of section 14 of the Act, read with condition 1 of the licence. (Not applicable to the rubber lawfully transacted within the validity of licence of the seller and buyer and transported within a reasonable time, say T+2 days).	Amount equivalent to one time cess for a quantity up to 2500 kg. For the quantity exceeding 2500 kg, an amount @10 paise per kg will be added to the above (release of rubber will be subject to renewal of licence).
7	Sale or otherwise disposing of rubber to an unregistered person/firm or the buyer disowns the purchase– violation of section 14 & 20(b) of the Act read with condition 1 of the licence, involving cess loss.	Amount equivalent to two times cess on the quantity so sold.

8.	<p>Transport of rubber by an estate/licensee to another licensee, accompanied by all valid documents short of N form declaration, at the time of interception – violation of Rule 43B of the Rubber Rules, 1955.</p> <p>a) Where the relevant N form is produced within a reasonable time, without having done any misuse of the declaration.</p> <p>b) Where the other valid records indicate that N form is issued by the consignor.</p> <p>c) Where the other valid records do not indicate that any N form declaration is issued for the consignment.</p>	<p>Amount equivalent to one time cess for a quantity up to 2500 kg and an additional amount @ 10 paise per kg in excess of 2500 kg.</p> <p>Amount equivalent to one time cess for a quantity up to 2500 kg and an additional amount @ 10 paise per kg in excess of 2500 kg, PLUS refundable security equivalent to one time cess on the total quantity. Material may be allowed to proceed only against a fresh N form declaration. (Refund of security may be considered if the relevant N form is produced within 30 days of release of the consignment, without having done any misuse of the declaration. Failure will lead to forfeiture of the security to compounding charges).</p> <p>Amount equivalent to two times cess for a quantity upto 2500 kg and an additional amount of Rs.2.10 per kg in excess of 2500 kg. (Material may be allowed to proceed only against an N form declaration issued subsequently.)</p>
9	<p>Transportation of rubber without being accompanied by valid documents at the time of interception – violation of section 14, 16(1) and 20(b) of the Rubber Act and / Rule 43B of the Rubber Rules.</p>	<p>Amount equivalent to 10 times cess, to the maximum, on the quantity so transported. In any case, it shall not be less than an amount equivalent to 3 times cess.</p>
10.*	<p>a) Rubber transported without having issued N form (applicable to consignor only).</p> <p>b) Non-production of relevant copies of N form by the consignor and/consignee (will be severally responsible) .</p>	<p>Amount equivalent to one time cess for a quantity upto 2500 kg. For the quantity exceeding 2500 kg, an amount @ 10 paise per kg. will be added to the above. (The amount charged will be on the total quantity of the cases so detected and not consignment-wise).</p>

	<p>c) Non-submission of Rubber Board copy (applicable to consignor only).</p> <p>(violation of Rule 43B of the Rubber Rules 1955).</p> <p>* [Applicable to the cases detected on routine inspection of records, books of accounts etc., made later on].</p>	- do -
11.	<p>Doing business and/storing rubber by a registered dealer/processor in a premises not approved by the Board – Violation of condition 4 of the licence.</p> <p>a) In the case of rubber found as properly accounted and held as stock/sold out and on which there has occurred no cess loss.</p> <p>b) In the case of accounted / unaccounted rubber, detected as sold out and on which there has occurred cess loss.</p> <p>c) On physical stock detected as unaccounted.</p>	<p>Amount equivalent to one time cess for a quantity upto 2500 kg. For the quantity exceeding 2500 kg, an amount @ 10 paise per kg. will be added to the above. (Total of applicable opening stock on the date of commencement of business/storage in the said premises, PLUS purchases made till the date and time of inspection will be taken into account.)</p> <p>Amount equivalent to two times cess on the quantity so sold out.</p> <p>Amount equivalent to 10 times cess, to the maximum, on the quantity so detected. In any case, it shall not be less than an amount, equivalent to three times cess. (Physical stock of raw material, semi finished and finished goods will be added upon in the case of processor).</p>
12.	<p>Possession / Sale/otherwise disposing of Technically Specified Rubber which is not in conformity with BIS standards, by a processor/estate – violation of rule 48(1 & 2).</p>	<p>Rs.15,000/- or the value of the goods processed under that particular batch(es), whichever is less.</p>
13.	<p>Purchase / possession / sale of Technically Specified Rubber not in conformity with BIS standards, by a dealer – violation of rule 48(2).</p>	<p>Amount equivalent to one time cess for a quantity up to 2500 kg. For the quantity exceeding 2500 kg, an amount @ 10 paise per kg will be added to the above.</p>

14.	<p>Sale or otherwise disposing of/purchase or otherwise acquiring rubber by an unregistered dealer/processor – violation of section 14 & 16(1)</p> <p>(a) On the quantity detected as sold out.</p> <p>(b) On physical stock held.</p>	<p>(i) Amount equivalent to one time cess on the quantity, provided no cess loss has caused.</p> <p>(ii) Amount equivalent to two times cess on the quantity, in the cases where cess loss has caused.</p> <p>Amount equivalent to 10 times cess, to the maximum, on the quantity so detected. In any case, it shall not be less than an amount equivalent to three times cess.</p>
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II MANUFACTURERS

Sl. No.	Offence	Compounding Amount
1.	<p>(a) Purchasing/otherwise acquiring rubber without holding valid licence – violation of section 14 & 16(1) of the Act.</p> <p>(b) Purchasing/otherwise acquiring rubber from an unlicensed or unregistered dealer/processor – violation of section 14 of the Act and Condition 1 of licence.</p> <p>(c) Sale/purchase of rubber without a licence in form E1 – violation of rule 40A.</p> <p>(d) Possession of rubber in excess of book balance, at the approved premises – violation of section 14, 16(1) and 20(b) of the Act.</p> <p>(e) Functioning from / Storing rubber at an unapproved premises, but purchases properly accounted – violation of section 14 & 16(1) of the Act.</p> <p>(f) Non-accounting / concealment of purchase – violation of section 20(b) of the Act.</p>	<p>Amount equivalent to one time cess for a quantity upto 2500 kg. For the quantity exceeding 2500 kg, an amount @ 10 paise per kg will be added to the above.</p> <p>[Compounding charge is in addition to the cess with interest, wherever applicable, on the quantity involved in the offence].</p>

	(g) Entrusting/doing job work without holding licence by either or both - violation of section 14 & 16(1) of the Act.	- do -
2.	<p>Transport of rubber by a licensed manufacturer, accompanied by all valid documents short of N-form declaration, at the time of interception – violation of Rule 43B of the Rubber Rules.</p> <p>a) Where the relevant N form is produced within a reasonable time, without having done any misuse of the declaration.</p> <p>b) Where the other valid records indicate that N form is issued by the consignor.</p> <p>c) Where the other valid records do not indicate that any N form declaration is issued for the consignment.</p>	<p>Amount equivalent to one time cess for a quantity up to 2500 kg and an additional amount @ 10 paise per kg in excess of 2500 kg.</p> <p>Amount equivalent to one time cess for a quantity up to 2500 kg and an additional amount @ 10 paise per kg in excess of 2500 kg, PLUS refundable security equivalent to one time cess on the total quantity. Material may be allowed to proceed against a fresh N form declaration. (Refund of security may be considered if the relevant N form declaration is produced within 30 days of release of the consignment, without having done any misuse of the declaration. Failure will lead to forfeiture of the security amount to compounding charges).</p> <p>Amount equivalent to two times cess for a quantity upto 2500 kg and an additional amount of Rs.2.10 per kg in excess of 2500 kg (Material may be allowed to proceed against an N form declaration issued subsequently).</p>
3.	Transportation of rubber without being accompanied by valid documents, at the time of interception – violation of section 14 and 16(1) of the Rubber Act and Rule 43B of the Rubber Rules.	Amount equivalent to nine times cess, to the maximum, on the quantity so transported. In any case, it shall not be less than an amount equivalent to two times cess (Cess, as applicable, will be charged extra).
4.	Keeping unaccounted rubber in an unapproved premises by a licensed/unlicensed manufacturer– violation of section 14 & 16(1) of the Act.	Amount equivalent to nine times cess, to the maximum, on the quantity involved. In any case, it shall not be less than an amount equivalent to two times cess (Cess, as applicable, will be charged extra).

5.	<p>Books of accounts/records not produced and/stock of rubber/storage not subjected for inspection when required for – violation of sections 20(b) and 20(c) of the Act.</p> <p>a) Stock register produced, but physical stock not subjected for inspection.</p> <p>b) Physical stock subjected for inspection, but stock register not produced:</p> <p>c) Stock register and storage not subjected for inspection:</p>	<p>Amount equivalent to one time cess on the book balance at the time of inspection.</p> <p>Amount equivalent to one time cess on the physical stock PLUS applicable amount under these norms for the excess / shortage of rubber, if any, on the date of inspection, detected when stock register is produced.</p> <p>Amount equivalent to one time cess on the book balance on the date of inspection (The highest among opening balance, in between balance and closing balance will be taken into account, when stock register is produced).</p>
6.*	<p>a) Rubber transported without N form (applicable to consignor only):</p> <p>b) Non-production of relevant copies of N form by the consignor and/ consignee:</p> <p>c) Non-submission of Rubber Board copy (applicable to consignor only).</p> <p>(violation of Rule 43B of the Rubber Rules 1955).</p> <p>* (Applicable to the cases detected on routine inspection of records and books of accounts)</p>	<p>Amount equivalent to one time cess for a quantity up to 2500 kg. For the quantity exceeding 2500 kg, an amount @ 10 paise per kg. will be added to the above (Amount charged will be on the total quantity of the cases detected and not consignment-wise).</p>

III IMPORTED RUBBER

Offences related to imported rubber	As in the case of I and II above. However, the maximum compoundable amount is limited to rupees one lakh, for a quantity upto 50000 kg. An additional amount @ 10 paise per kg will be charged extra for the quantity in excess of 50000 kg.
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IV RESIDUARY

<p>For any kind of contravention of provisions of the Rubber Act, Rubber Rules and conditions of licence, other than specifically mentioned in I, II and III above.</p>	<p>A. <u>When there is no cess loss</u> Amount equivalent to one time cess for the quantity involved in the offence, subject to a maximum of rupees one lakh, upto 50000 kg. An additional amount @ 10 paise per kg will be charged for the quantity in excess of 50000 kg.</p> <p>B. <u>When there is cess loss</u> In the case of manufacturers, cess loss shall be made good, in addition to the amount under A above. In the case of others, an amount equivalent to one time cess on the quantity involved shall also be added to the one under A above.</p>
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The above norms are without prejudice to the Board's powers to invoke other penal provisions under sections 26, and the regulative provisions under section 15(3) of the Rubber Act and rule 42 of the Rubber Rules, in circumstances under which it deems necessary.

These norms will come into force w.e.f. **08.08.2014**.

Compounding Amount for more than one offence

Where more than one offence is seen committed on one and the same quantity, the highest amount under these norms will be applicable on that quantity.

In the case of different quantities involved in same type of offence or different type of offences chargeable in the same slab, the quantities will be added upon and the compounding amount will be determined at the prescribed rate as if the entire quantity is involved in a single offence.

Quantities on which compounding is done under different slabs will not be clubbed, but taken as separate lots to determine the compounding charge.

Compounding Amount for repeated offences

- (a) Repetition of offences will be considered offence-wise. For each subsequent offence of the same nature, 100% of the initial rate shall be added to the rate of compounding imposed in the just preceding instance. Or in other words, the increase in the rate shall be in Arithmetic Progression with the initial rate as the common difference. However, in items under 4, 8, 10(c) and 14(b) of I and 3 and 6 of II above, the maximum limit will remain as the amount equivalent to 10 times or 9 times cess, as the case may be, in the case of repetition as well.

(b) Repeated offence is counted with effect from

(i) the date on which the offence was pointed out to the offender by any inspecting officer of the Board

or

(ii) the date of receipt of show cause notice by the offender, for violation in the previous case, if show cause notice had been issued

or

(iii) the date of request made by the offender for compounding in the previous offence, **whichever is earlier.**

(c) In the case of items under Sl. Nos. 12 & 13 of I above, samples drawn and became failed, from more than one batch at the time of one and the same inspection shall be considered as a single case for the purpose of compounding.

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