

BE. Officers assessing the B/E shall carefully read each instruction and arrive at a decision to tackle the risk. These instructions form an assist and are intended to guide the officers in assessment. In addition to the Appraising instructions the RMS will send targeting and Intervention related Instructions, in case there are any target/intervention hits on a B/E corresponding to the idea behind such targets or Interventions in the RMS. Officers are expected to study all the instructions on the screen carefully and assess the B/E. It needs to be noted that the officer need not limit his scrutiny to the strict confines of RMS instructions. The officer has the freedom to go beyond the instructions and scrutinize other sensitive aspects of the B/E which are not referred to in instructions. Whenever the Officer assessing BE feels that any specific RMS instruction is not in tune with the declaration in the B/E, he/she should enter a detailed comment in the departmental comments and proceed to take decision as per law. The Risk Management System will also provide to the officers a category of instructions termed **Compulsory Compliance Requirements (CCRs)**. This term refers to compliance requirements that have to be mandatorily fulfilled such as clearance from the Other Governmental Departments (OGDs) like Drug Control authorities, Animal Husbandry authorities, BIS certifications, Plant and Quarantine Authorities etc. Similar instructions would also be provided by the System where any bonds, undertakings certifications etc., are required to be furnished for the purpose of claiming any exemption notifications. It may be noted that while all efforts have been made to make the RMS database containing these instructions as comprehensive as possible, certain requirements might have escaped notice. The officers, therefore, should bear in mind that these are mandatory requirements under the Allied Acts or under the exemption notifications and must be fulfilled before allowing clearance. In case it comes to the notice of any officer that a specific requirement is not listed, then he shall communicate the same immediately to the local Risk Manager, who in turn will inform the Risk Management Project team, for necessary updation of databases.

7. The assessing/examining officers are also required to focus on the **data quality** of the B/E declarations. The assessing officer should check the description of the item, besides the correctness of classification, valuation, notification benefit(s) claimed, if any, and also ensure compliance with mandatory requirements prescribed under Foreign Trade Policy and/or allied enactments. They are required to check all critical aspects of description like brand, model, make, number, specification, grade, purity, configuration, capacity, denier etc. which may have a direct bearing on valuation, classification or extension of exemption benefit. They shall make sure that all mandatory fields in the bill of entry are properly filled. While discharging their functions, they would be required to follow all the existing instructions /Standing Orders on the subject. The assessing officers in the Group *will subject the Bs/E to all the required checks in respect of valuation, classification, requirements of the Allied Acts, etc. and in doing this, the officers should also take the assistance of other support systems provided such as NIDB, Alerts, Valuation Bulletin, etc.* Additional information, wherever required may be sought from the importers. However, frivolous and piece-meal queries should be avoided and the query should be detailed and covering all aspects. The Additional/Joint Commissioners in-charge of the Groups shall monitor the queries closely. When a B/E comes for assessment, the Appraising Officer after completion

d) Import of all edibles/ food products, (domestic sale and manufacture of which are governed by PFA Act, 1954) should have a valid shelf life of not less than 60% of its original shelf life, as per provision of General Note 13 to the Import policy (Vol.3).

e) Import of Meat and Poultry product is allowed only on fulfilment of condition laid down in note 7 of the General notes to the Import Policy.

f) Import of Jute Bags, Jute products and packaged bales containing raw Jute is allowed only if the Jute batching oil content in the Jute is not more than 3% as per CBEC circular no 21/2002 dated 04/04/2002 issued from F.No.526/76/2001-Cus (TU).

In case of any discrepancy in the declarations with respect to the issues discussed above the OOC officer can send the BE back for assessment with the written permission of the Addl/Joint Commissioner in charge of Examination.

10. **Documents Collection:** While discharging the Out of Charge responsibility, the following documents should be collected from the importer by the officer giving out of charge *after affixing his signature on the important documents i.e. at serial numbers b), c), d), e) and f) listed below, and any other crucial document decided by the OOC officer.*

- a) Duty paid challan
- b) First check copy of the Bill of Entry assessed under first check assessment scheme
- c) Finally assessed Bill of Entry
- d) Invoice / packing list. *Fax / E-mail copies of Invoice and other documents duly certified by the Importers may also be accepted for clearance of consignments in view of CBEC Circular No. 40/98-Cus, dated 11.06.98 issued from F.No.450/81/98-Cus.IV.*
- e) Certificate of origin, wherever required
- f) Exemption Certificate where required, when concession in duty has been claimed, based on any condition under any exemption notification
- g) Bill of Entry declaration with GATT declaration, duly signed by the importer and CHA declaration
- h) Copy of Delivery Order
- i) Master Bill of Lading
- j) House Bill of Lading
- k) Technical literature etc., wherever required
- l) ADC clearance, wherever required

- m) Other documents specified in the Compulsory compliance instructions generated by the RMS
- n) Any other documents submitted by the Importer/CHA.



All these documents should be neatly kept in a docket, which will have a check list on the top, containing the documents listed supra. The Check list shall be signed by the OOC officer and the representative of the CHA/Importer. While signing the documents, the OOC officer shall put his name stamp under his signature.



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11. **Changes in Bond management:** For B/Es filed in Groups other than Export Promotion Groups (Group VII), the importer/CHA has to specify the running EDI bond number, if any, at the time of filing a BE for all bills which require submission of Bond to Customs before clearance. Bond debits will be system driven. The existing system of approval of quantum of bond debit during assessment by Appraising officer in the Group will be dispensed with. In all those cases where running bonds are not available at the time of filing B/E, the importer/CHA will come to the Bond Clerk in the Appraising Group soon after the BE is submitted in ICES for bond registration and debits. If the BE is selected for assessment by officers, the necessary debits can also be made by the concerned officers in the groups. No Bill of entry can be registered for examination unless all necessary bonds are debited. At the time of filing a BE the CHA/Importer can submit in the annexure filed for the BE with data regarding the following:

- i. Details of double duty bond if any for Warehouse Bills of entry.
- ii. Details of Undertaking, if any.
- iii. Details of End-use Bonds, if any.
- iv. Details of Re export Bond, if any.
- v. Details of Miscellaneous Bond data for example certificates required to avail certain SL Nos of Notification 021/2002.
- vi. Details of Central Excise bond, if any, under Customs (Import of Goods at Concessional Rate of Duty for Manufacturing of Excisable Goods) Rules 1996.

12. **Out of Charge of all Facilitated Bills:** Even if a bill of entry is neither picked up for Appraising nor for Examination, all documents required to be submitted along with bill of entry shall be collected invariably by the Officer before giving Out of Charge (OOC). Marks and Numbers should be checked by the Out of charge officers for all the facilitated Bills of entry. *In case of Full Container Load Cargo covered by facilitated bills, the out of charge should check the Container No and verify whether the Container Seal is intact or not before clearance.* The officer shall ensure that all Compulsory Compliance requirements are fulfilled before clearance. It is also clarified that whenever the decision of the OOC officer is at variance with the CCRs printed in respect of a particular BE; he should record the reasons for his view in the EDI.

13. **Debit of Customs Duty Exemption Certificates et al:** If the BE is selected for assessment and/or examination, the officers shall verify these details in the system before clearance. For all Facilitated Bills of entry the Out of Charge officer will be responsible to verify the entry in the system. If bond related details are not correct or if any critical document is not available, BE can be referred to assessment group with the permission of the Additional/Joint Commissioner in charge of the Shed. It is further stated that the EDI system will take care of debits in respect of all existing running bonds and where the importer specifies the bond number by system-driven debits. The trade will approach the Bond Clerk in the Appraising Group and AC/DC in-charge of the Group for Bond or UT acceptance. Further, activities like defacing/manual debiting of certificates issued by various authorities like Central Excise, AEPC, TEXPOCIL etc, which were hitherto being handled by the Appraising Group will now have to be discharged by OOC officers, in all such cases where the bill of entry has not been marked to Groups by RMS. Please note that the CHA/Importer can give all the relevant details of the Undertaking/Duty exemption certificate/Central excise certificate etc in his annexure to the BE. In all such cases the

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BE is allowed to go for goods registration. However the OOC officer is expected to verify all the relevant documents as well as the details given in the ICES and allow clearance only after defacing/debiting the documents manually, if already not done by the assessment officers.

14. **Consequent to introduction of RMS, concurrent audit will be abolished and replaced by Post Clearance Compliance Verification (Audit).** The objective of Post Clearance Verification Programme is to monitor, maintain and enhance compliance levels, while reducing dwell time of cargo. The selection of Bs/E for Post Clearance Audit will be done by the RMS and communicated to the ICES which will

populate the selected Bs/E onto the Auditors screens. The Auditors would be required to audit the Bs/E after referring to the documents submitted in the Shed at the time of out-of-charge vis-à-vis the declarations made in the BE. For this purpose, the Shed would be provided with a list of Bs/E selected by the RMS and shed would be required to forward the documents in respect of this Bs/E to the Audit Branch for distribution to the Auditors concerned in Audit Branch. The endeavour should be to complete audit of all BEs selected by RMS, within 48 hours of Out of charge. After the audit is over, these documents may be forwarded to CRA as per the normal procedure. The documents in respect of Bs/E which are not selected for audit will continue to be sent to CRA as per present procedure. An audit section will be constituted for managing the PCA program. While the audit will be conducted in the ICES, it will be managed through the RMS PCA module.

15. **PCA Process in the ICES:** All BEs which are given out-of-charge on a particular day in ICES are sent to RMS at the end of the day. RMS will select BEs from this lot, on a daily basis depending upon the criteria entered in the system. A PCA module has been developed by NIC. The full feature module has many features. The module will facilitate rising of queries to the importer; issue of show cause notices with system computation of differential duty, capturing details upto the first stage of adjudication etc., however, the full feature PCA module is likely to be available only after some time. Pending release of the full feature PCA module, an abridged version has been released by NIC and the same has to be followed till further instructions are issued. The work flow of documents in PCA module is given below:

The selected BEs are processed in the following manner:

- (i) BEs will be pooled before Audit Officer (AO/ Superintendent) who has to pick BEs for audit, from the pool, in the manner dictated inter alia by availability of customs docket for the said BE. The Auditor's screen in ICES will be very similar to the appraiser's interface, currently available. A limited facility for changing duty related aspects of the BE has been provided in auditor's screen. The Auditor can change rate of duty, deny a notification and differential duty will automatically be computed by system. The auditor is also given specific audit instructions by the RMS. These audit instructions have been made available in the F2-> View RMS instructions menu. These instructions form an assist and are intended to guide officers in conducting audit. It needs to be noted that auditors need not limit their scrutiny to the strict confines of these audit instructions. The auditor has freedom to go beyond audit instructions and scrutinize aspects of the BE which may not have been referred to in the instructions.
- (ii) During the course of audit, the auditor may find it necessary to elicit additional information from importer or seek clarifications from him. It

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needs to be realized that the ease of eliciting such information from the importer will be considerably diluted, during PCA stage as compared to the promptness with which replies to queries raised during live processing of Bills are received. Thus queries during the audit process have to be limited to the minimum and should be resorted only where there is a real information gap.◆ The abridged version of PCA does not have a facility for raising queries through ICES.◆ This feature will be present in the full version. Pending introduction of the feature, queries have to be raised, manually by the auditor, from audit files, after obtaining approval of AC / DC (Audit). The queries have to be despatched by post to the CHA / Importer and may also be sent by email.

(iii) After receipt of reply from CHA / Importer, if the audit officer decides that there is no audit point apparent in the BE, then he will mark the BE to AC/DC (Audit).◆ If AC/DC (Audit) concurs then the BE will be sent to history after generation of an EOD message to the RMS.◆ If the AC/DC (Audit) finds it necessary to revisit the bill of entry, he may send it back to Audit Officer with his comments.

(iv) On the contrary if the Audit Officer detects an audit point he will be in a position to alter the parameters like value, quantity, notification claimed, item description etc., (in very much the same manner as is currently done by the appraiser during assessment of a live BE) by himself, or mark the BE to the AC/DC (Audit) for confirmation and issue of a consultative letter or demand note. The CL or a demand note will be issued only if the same is further approved by ADC/ JC (Audit). In the abridged version , the facility of changing the parameters is restricted to duty linked parameters like notifications, rates of duty etc., Value linked parameters like loading (item level/invoice level), quantity, enhancement of unit price, are not currently available . These will be provided in the full version. Thus if the consultative letter/ SCN requires a change in the parameters that are currently not available on the system, then the duty computation has to be done offline in the file. However such details should be entered in the departmental comments field in the ICES.◆ It is reiterated that issue of a consultative letter / SCN will happen only with the prior approval of Additional/Joint Commissioner (Audit).◆ The abridged version also does not currently have the provision for system generated issue of consultative letter / SCN with duty quantification. This will be made available in the full feature version.◆ Pending the roll-out of the full version, the duty computation and issue of consultative letter/ SCN should be done, manually from the audit files after obtaining the necessary approvals.

(v) The PCA workflow in the ICES also envisages generation and issue of advisories to the importer. Monitoring and improving the data quality of declarations by the importer is one of the important functions of the Audit in the post-audit regime. ♦ Audit officers can issue advisories to the importer with a view to improving data quality of declarations. ♦ An advisory will work in a manner similar to a query and will be issued only after approval by AC/DC (Audit). ♦ The key difference between a query and an advisory is that while a query is a request for information/documents from the importer, and holds up the BE from further processing until a reply is received, no reply is envisaged for an advisory. Advisories should be resorted to in cases not involving revenue implications. ♦ The facility for issue of advisories through the ICES will be enabled in the full version. Pending the same, the advisories can be issued manually from the audit files.

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(vi) If the Audit Officer decides to raise an audit point which has revenue implications he can propose one of the following options to the AC/DC (Audit) for approval : ♦

1. Issue of a consultative letter (Compliance advisory)
2. Issue of a demand note

A consultative letter is a mechanism to promote the culture of voluntary compliance by importers in the audit process. ♦ It is a tool to operationalise the benefits to the importer by paying up the duty/ interest indicated in the consultative letter. The consultative letter has to be approved by AC/DC (Audit) and further by ADC/JC (Audit) before it gets issued to the importer. ♦ On receipt of the Consultative Letter the importer is expected to comply with the same within 30 days of issue. If he agrees to pay the amount indicated in the consultative letter, then the ICES will generate a challan for the differential duty with interest, and provides for capture of payment details also. ♦ After the payment details are captured, a message will be sent to the RMS and the BE will move to history in the ICES. If the importer does not agree with the consultative letter, or simply refuses to respond within the stipulated period, the Audit Officer can propose issue of a demand

note, which may be issued after consideration and approval by AC/DC (Audit) and ADC/JC (Audit). These activities have to be done manually at present pending the introduction of the full feature module.

The Audit Officer can, instead of proposing issue of a consultative letter upon detection of short levy or non-levy or short payment or non-payment, propose immediate and direct issue of a demand note. This may be necessary in cases where wilful misdeclaration, fraud, suppression clauses have to be invoked and where a consultative letter may not be the right course of action and a demand note could be issued directly. The demand note will have to be issued manually at present. After the introduction of the full module, the ICES will issue the demand note (SCN) after the auditors enter the basic information.

- (vii) Upon issue of a demand note, the adjudication takes place offline and the net result of first adjudication will also be captured on the ICES. The details of demand confirmed/dropped, penalties and fines imposed will be captured in the ICES and sent to the RMS. These features will also be available in the full version. After sending the details to the ICES the BE will move into history.

16. Ensuring Availability of dockets for PCA:

As is apparent from the above, effective working of PCA depends critically on availability of dockets with the audit officers. The designated officer in the audit section will generate a report of daily list of BE selected for PCA, using the report made available on the LRM for this purpose. Copies of this report should be sent to AC/DC shed. AC/DC should nominate an officer under his charge and entrust him with the responsibility of segregating dockets as per the list circulated by audit. The dockets (with the checklists) selected for PCA should be aggregated and sent to Audit section with a covering note giving the list of BEs being sent. The receipts of the dockets will be acknowledged by audit section by an officer designated for this purpose by the AC/DC (audit). The rest of the dockets should be sent to the CRA with a forwarding memo listing the BE Nos as per existing practice.



17. Ensuring un-interrupted messaging between the ICES and RMS: The ICES System Manager will designate officers in the EDI section for monitoring flow of EOD messages from the ICES to the RMS and also the reverse flow of PCA messages from

RMS to ICES. Any interruption in the same should be brought to the notice of the LRM or the Addl / Joint Commissioner of Audit as the case may be. The system manager will ensure that all the B/Es which have been given out of charge, are submitted to the RMS in the EOD files. If BEs are not selected for PCA by the RMS, such BEs will be sent to history. Only the selected BEs will be queued by the ICES to the audit officers for PCA. ICES will send to history all BEs for which no PCA message is received.

18. **Provisional Assessment:** Whenever there is a relationship between the importer and the supplier, as defined in the Customs valuation rules, the importer/CHA may indicate this requirement in the relevant SVB columns in the Annexure filed at the service centre / through ICEGATE. The ICES will assess the BE provisionally based on this indication. The LRM should designate officers under his charge to monitor SVB issues. Such officer should analyze and track all such Importers Bills which do not have necessary SVB declaration. *Similarly whenever any BE is selected for assessment or Examination the officers processing all such bills should ensure that the declaration if any regarding SVB aspect is properly declared.* It may be noted that goods registration can not be done without proper debit of bonds. For expeditious clearance of goods the importer /CHA has been advised to equip himself to comply with all the bond related requirements before filing the BE.

19. **Risk Management System administration:** The RMS machine installed in the Custom house is known as Local Risk Management (LRM) system. This system is in the same Local Area Network as the ICES. The National Risk Management (NRM) system is in the ICENET and hence connected to the LRM. The Additional/Joint Commissioner in charge of SIIB is designated as the System Administrator of LRM. A detailed user manual for LRM is provided to all the officers working in the LRM. The DC/AC and the nominated officers working in SIIB will be given user ids and passwords in the LRM by the Systems Administrator. The users must change their assigned passwords in LRM by immediately logging and changing passwords at regular intervals. In addition to handling the Targeting and Intervention activities assigned to them, all LRM users should be vigilant about all such bills of entry which are getting facilitated and are being sent for clearance without any assessment or examination. Discrepancy if any found in respect of such bills should be immediately brought to the notice of the LRM for further action. Detailed instructions are being separately issued for the guidance of officers required to manage the LRM.

20. **Feedback:** The process of Risk management is incomplete without feedback. Officers are advised that any Appraising/Examination instructions, CCRs or any other aspect of the RMS which in their understanding is either not suitable or seemingly out of context in respect of any BE under their scrutiny, it should be immediately reported to the Local Risk Manager(LRM). Similarly if any of the CCRs are perceived to be incomplete and if any instructions are perceived to be inadequate, it

should be reported to the LRM. Such feedback shall be routed to the NRM through the office of Local Risk Manager and will be used for updating the NRM.

21. It must be noted that the prime objective of the RMS is to enhance facilitation for compliant importers and compliant consignments. Therefore, all officers, while being vigilant against abuse, must at all times act with a sense of responsibility and avoid doing anything that would cause undue delay or harassment to legitimate trade.

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22. In case of any difficulties faced in the implementation of the Risk Management System, the Local Risk Manager (LRM), whose address and contact particulars are given below, may be contacted:

Shri Rajeev Yadav

Joint Commissioner of Customs (SIIB- Imp) and Local Risk Manager
Office of the Commissioner of Customs (Import),

Jawaharlal Nehru Custom House,

Taluka: Uran, Distt. : Raigarh 400 707

Telephone No: 27241815

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(NAJIB SHAH)

COMMISSIONER OF CUSTOMS (IMPORT)

J.N.C.H, NHAVA SHEVA