

Sub:- ◆◆Monitoring Coordination of Customs Valuation work and upgrading of Valuation trend of sensitive commodities.

1. ◆◆◆◆◆◆◆◆Attention of all the officers and staff is invited to the Standing Order Nos. 67/2003 dated 18.09.2003, 24/2004 dated 06.04.2004, 48/2004 dated 04.11.2004 and 39/2006 dated 05.10.2006, all issued to effectively monitor the valuation of sensitive commodities which has been a matter of grave concern to this Custom House.

2. ◆◆◆◆◆◆◆◆Special Valuation Cell :-

2.01. ◆◆◆In order to improve the coordination of Customs Valuation work, the ◆Special Valuation Cell◆ (SVC) of the Custom House is reconstituted.◆ It will be headed by an Additional/Joint Commissioner (DGOV Nodal Officer), will be assisted by DC/AC (SVC) and Appraisers/Superintendents (SVC).◆ The SVC will have the following functions:

- (i) ◆◆◆◆◆◆◆◆Monitoring the valuation trend in respect◆ of sensitive commodities in coordination with Appraising Groups;
- (ii) ◆◆◆◆◆◆◆◆Reviewing and updating of Sensitive Commodities List;
- (iii) ◆◆◆◆◆◆◆◆Review of NIDB outliers on a weekly basis, and monitoring the follow up action by Appraising Groups to protect the interest of revenue;

(iv) Sending consolidated Quarterly Report to the Directorate General of Valuation (DGOV) as per the formats enclosed at Annexure A Annexure B & Annexure C

(v) Monitoring the additional revenue realized on account of revision of declared values based on the NIDB data and other factors, and sending monthly reports to DGOV;

(vi) Analysing the typical valuation problems faced by Appraising Groups and providing guidance. Matters requiring DGOV advice should be put up to the Commissioner before making reference to DGOV.

(vii) Coordinating valuation related issues of the Risk Management System with the Local Risk Manager.

3. DGOV Nodal Officer

3.01 Addl. Commissioner / Joint Commissioner of Special Valuation Cell of Import Commissionerate has been nominated as Nodal Officer to coordinate valuation matters with the Directorate of Valuation in terms of Standing Order No. 39/2006 dated 05.10.06. The Nodal officer shall have the following functions:

(i) Keeping liaison with Directorate General of Valuation, Mumbai and the Zonal offices at Delhi/Chennai/Kolkata on all valuation related matters;

(ii) Downloading all Valuation related information (Valuation Bulletin, Weekly Valuation News, Valuation Alerts, Guidelines, etc.) from DGOV website on a weekly basis and passing it on to the System Manager (EDI) for uploading on the Intranet;

(iii) ◆◆◆◆◆◆◆◆ Coordinating with the System Manager (EDI) to ensure that raw import data goes on a daily basis to DGOV and that analyzed weekly data received from DGOV is posted regularly onto the Intranet;

(iv) ◆◆◆◆◆◆◆◆ Monitoring the quality of data captured in the EDI System at the data entry, assessment and clearance stages, and taking suitable measures to ensure that all relevant details are incorporated in the import data;

(v) ◆◆◆◆◆◆◆◆ Bringing it to the notice of the Appraising Group concerned, in cases where data quality is bad, in as much as description is not complete or unit of quantity is not properly declared etc.

(vi) ◆◆◆◆◆◆◆◆ Monitoring the utilization of NIDB and other valuation related information by the Appraising Groups in the Commissionerates on Intranet and reporting to the Commissioner:

(vii) ◆◆◆◆◆◆◆◆ Ensuring that the Quarterly reports to DGOV are dispatched in time.

(viii) ◆◆◆◆◆◆◆◆ Any other function that may be assigned by the Commissioner.

4. ◆◆◆◆◆◆◆◆ NIDB outliers:

4.01. ◆◆◆◆ The Appraising Officers should scrutinize the weekly dispatches of NIDB outliers pertaining to their respective charge and take follow up action.◆ All the Group◆ ACs / DCs should submit weekly reports on the action taken in the proforma attached (Annexure ◆C◆) to the Special Valuation Cell.

4.02 ◆◆◆◆ All Appraising Officers and the Supervisory Officers (Addl. /Joint/Deputy/Assistant Commissioners) in charge of import Appraising Groups should make the best use of the NIDB data and other valuation related information (Valuation Bulletin, Weekly

Valuation News, SVB data, Valuation Guidelines, Case Laws Etc.) disseminated by the Directorate General of Valuation.

5. ◆◆◆◆◆◆◆◆ Sensitive Commodities:

5.01. ◆◆◆◆A list of sensitive commodities pertaining to the Appraising Group shall be prepared.◆ The Appraising Officers should keep special watch on the valuation trend in respect of sensitive commodities prone to under-valuation and imported through their Groups.◆ All ADCs/JCs in charge of respective Groups should closely monitor the valuation practice and take corrective measures when distortions are noticed.◆ A consolidated list of sensitive commodities being imported should be prepared by the Groups concerned, and a Quarterly report on the valuation trend in respect of sensitive commodities should be sent to the Special Valuation Cell.◆ The SVC shall consolidate the report and put up the same to the Commissioner by the 3rd day of the following month of the respective quarter for forwarding to the Directorate of Valuation.◆ The format prescribed for the purpose is at Annexure ◆A◆ and Annexure ◆B◆.◆ The first one concerns additions to the existing list (Fresh list may be prepared for the first time) and the second is for deletion from the existing list (for reports in subsequent months.)

6. ◆◆◆◆◆◆◆◆ RMS

6.01 ◆◆◆◆The Risk Management System (RMS) is a measure of trade facilitation and it does selective screening of only high risk cargo for customs assessment and examination.◆ It also provides for a special customs clearance procedure for authorized persons (Accredited Clients) having good track record and who meet specified criteria identified by the Customs.◆ As per Board Circular No. 43/2005 Cus-23-11-05 the Jawaharlal Nehru Custom House has

introduced RMS vide PN 12/2006 dated 17.02.2006 and a SO 07/2006 dated 24.02.2006 was also issued in this respect. With the introduction of the RMS, the present practice of routine assessment, concurrent audit and examination of almost all bills of entry has been discontinued and the focus is on quality assessment, quality examination and Post Clearance Audit of Bills of Entry selected by the Risk Management System.

6.02. The DGOV has provided the list of highly sensitive commodities with the Value Bands. Any consignment having declared value below the lower limit of Value Band will be directed for examination and assessment by officer. However, there may be some sensitive commodities specific to Jawaharlal Nehru Custom House which may not appear on the national list supplied by DGOV. The Local Risk Manager may use the targeting facility in RMS for certain commodities so that the Bs/E pertaining to these commodities are diverted to Officers for assessment and/or examination. The commodities which give maximum extra duty because of enhancement of value may be scrutinized. The commodities where frequent under-invoicing is noticed in the recent past and where the officers have been enhancing the value may be considered for the targeting.

7. Brand, Grade, Specification:

7.01. It is mandatory for the Importers / CHAs to declare full and correct information concerning the goods being imported such as description, brand, model, grade, specification, etc. in the appropriate columns while filing the Bill of Entry. Further, the unit of quantity declared should be the standard unit. However, very often these requirements are not complied with.

7.02. The quality of import data captured will be very crucial for achieving reliable risk assessment. Declaration of incomplete or inaccurate information concerning the goods and the absence of details like brand, model and specifications as well as use of different units of

quantity for the same goods have been the areas of concern causing considerable problems in RMS.

7.03. Therefore, it has been decided to monitor the quality of data captured at data entry stage, during the assessment and at the time of examination/clearance. For this purpose, all Appraising Group should prepare a list of sensitive goods on which brand, model, grade or specification should be compulsorily declared. A consolidated list will be compiled by the SVC and it should be sent to the Manager, CMC Service Centre. The DC/EDI shall ensure that the fields of brand, grades, specification, unit of quantity etc. are entered in all these cases in the import declaration and that the respective columns are not either left blank or filled with junk characters. For the importers using the ICEGATE facility, a PN will be issued to the Trade with the list of sensitive goods on which brand, model, grade or specification should be compulsorily declared. The trade filing documents through ICEGAT may be asked to fill up the fields of brand, grades, specification, unit of quantity etc correctly. The AO/AC/DC of Appraising Groups, while assessing the Bill of Entry, should also see that brand, model, grade, specification, unit of quantity etc. are declared appropriately by the importer.

7.04 **In case the importer does not declare such crucial information, which has a bearing on valuation, the Appraising Groups shall return the bill of entry for capturing these details by amending the bill of entry.** They should also give suitable examination order for verification of the same at the time of examination of the goods. The Examining Officer / AO in the Docks should also examine the goods with respect to Brand, Model, Grade, Trademark, Technical Specifications, etc. and ensure that the missing details are captured by directing the importer/CHA to amend the Bill of Entry before allowing out of charge.

7.05. After introduction of RMS, the Local Risk Manger may use the intervention facility in RMS to check some or all consignments of a particular import of sensitive commodity so as to monitor the quality of data.

8. Valuation Alerts.

8.01. Valuation Alerts are issued based on DGOV's studies of valuation trends of important commodities, which are sensitive to undervaluation. Several such studies were carried out in respect of specific commodities on the basis of NIDB and international price trends, and Valuation Alerts issued. All the Officers are directed to take care of these Alerts. These Alerts give details of the study conducted by the DGOV and its findings along with guidelines for further action to safeguard revenue. **If such Valuation Alerts are ignored and later undervaluation is noticed in the B/E cleared, the officer concerned would be held responsible for the loss of revenue.** The JC/ADC of Appraising Groups have to take follow up action and also monitor such issues on a regular basis.

9. Valuation Bulletin

9.01. A monthly Valuation Bulletin incorporating all value related information, including international price trends of important commodities and market intelligence reports

from various sources, is published and distributed to all field formations. ♦ The Appraising Main section shall ensure that relevant extracts Valuation Bulletin are copied and distributed to the concerned Appraising Groups. ♦ The Bulletin must be used by all Officers in Appraising Groups as an important source of information on valuation questions in their day to day assessment work. ♦ **The Systems Manager shall download the soft copy of Valuation Bulletin, which is available online on the DGOV's web sit, (www.dov.gov.in), once in a month to the intranet of the Custom House.**

10. ♦♦♦♦♦♦♦♦ ECDB

10.01. ♦ The Export Commodity Database (ECDB) Project concerns developing a comprehensive export valuation data base, with a view to checking overvaluation and abuse of export incentive schemes. ♦ **It gives the weighted averages, standard deviations, outliers on export data which would help in detecting potential cases of export valuation fraud.** ♦ The database is made available for on-line use to check export value declarations and to take considered decisions on export valuation. ♦ The second phase of the ECDB with the export data analyzed by a specially developed software for giving desired results has been launched on 01.08.2005. ♦ **It has been made available in the intranet.**

10.02. ♦ The Officers at the time of sanctioning the drawback claims may verify the export values declared with ECDB data and they may utilize the provision to decrease the value for the purposes of sanction of drawback claim. Similarly, the ECDB data can be put to best use at the time of finalization of provisional assessments in case of DEPB Shipping Bills.

10.03. ❖ **The main challenge for ECDB arises from the poor data quality.** ❖❖ For instance, the description filed is not being fed with due care in some cases. ❖ Especially the specific description and specification (brand, model, grade etc.) of the products are missing. ❖ As these deficiencies in the data quality are causing problems in the data analysis, all the **Officers are directed to take necessary steps to improve the quality of export data.**

11. ❖❖❖❖❖❖Intranet :

11.01. ❖ The Special Valuation Cell, in consultation with the System manager, shall make arrangements for regularly **updating the NIDB & ECDB database on the Custom house intranet (LAN).** ❖ They shall also arrange for downloading the SVB data, Valuation Bulletin, Valuation News, Valuation Guidelines, Alerts etc. every week from the Directorate of Valuation website (www.dov.gov.in) and copy them onto the Intranet server. ❖ The individual assessing Officers and other Intranet users should be given passwords for accessing confidential data. ❖ The SVC, in coordination with DGOV, should also conduct training / familiarization sessions for the Officers on the utilization of NIDB & ECDB data and other valuation related information which are made available on the Intranet. ❖ The Joint/Additional Commissioners of the assessing Groups shall keep monitoring the utilization by the individual Officers of the NIDB, ECDB and other valuation information provided on LAN (Intranet).

11.02. ❖ The same details are also available on the website of the Valuation Directorate (www.dov.gov.in). **The designated Nodal officer can create multiple user IDs for Officers within the Custom House for accessing DGOV web site.** ❖ The Officers who are having internet facility may access DGOV website as and when necessary. ❖ In order to facilitate the access, the **Custom house website should provide a hyperlink to the DGOV website.**

12. Special Intelligence & Investigation Branch (SIIB)

12.01. The SIIB should also make use of the NIDB data and other valuation related information available on the Intranet (or DGOV website) for monitoring valuation practices and in the detection and investigation of valuation related offences.

13. CRD

13.01 The Central Registry Database (CRD) of the Special Valuation Branch (SVB) gives details of cases relating to importation involving complex valuation issues such as related party imports, cases involving payment of royalties, licence fees, supply of materials and services by the importer, etc. The SVB Central Registry Database (CRD) on DGOV web site www.dov.gov.in is updated by the respective SVB Supervisors (Bangalore, Chennai, Delhi, Kolkata & Mumbai) for the new cases registered as well as for cases finalized by them. The CRD is made available in the intranet. Whenever live bill of Entries is pending for assessment with Appraising staff, if they want to know about the relationship between the importer and the supplier, then they can have easy access to the SVB CRD data. The user can query the data by entering any one of the fields, or combination of more than one field as mentioned below: Importer's name, supplier's name, SVB station, DOV Registration No. etc. The Central Registry (CRD) is also made available on the Directorate's web site www.dov.gov.in for reference by departmental Officers. The Systems Manager shall update the CRD at Custom House level on monthly basis using the software sent by DGOV.

COMMISSIONER OF CUSTOMS (IMPORT)

JNCH

					months (specify period)	last three month s (specif y period)	d, if any
1	2	3	4	5	6	7	8

Part C



**Action Taken on
Outliers**

Sr. No.	Number of outliers reported by DOV for the month	Totl Differential Revenue involved for all outliers (Column 2)	Additional Revenue realized on account of re-determination of value (Column 3)	Number of outliers on which no action has been taken i.e. no change in declared value effected	Remark
1	2	3	4	5	6

In respect of Column No. 5, please furnish details in the following tabular format:

Sr. No	Bill of Entry Numb	BE date	CT H	Description	Assesse d Value	Unit Declare d Value	Weekly weighte d	Differenti al revenue	Reason s for not
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.	er					(Unit)	Averag e Value (Unit)	involved	taking any action
1	2	3	4	5	6	7	8	9	10

NOTE:- 1. All reports should be prepared in MS Excel Format

2. Soft copy of the report should be sent as an email attachment to director@doval.gov.in.