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F. No: I(Gen)19-372/Cus/T/17-18 Date: 12.02.2019

PUBLIC NOTICE NO: 04/2019

Sub: Implementation of Risk Management System (RMS) in Exports-at ICD Malanpur reg.

Attention of all Exporters, Custom House Agents (CHA) and members of the Trade is invited to the Board's Circular No. 23/2013- Customs dated 24th June,2013 on the implementation of Risk Management System (RMS) in Exports. The detailed procedure for clearance of the Shipping Bills under the Indian Customs EDI System (ICES) after the introduction of the RMS is given below.

2. Risk Management System in exports will be made operational at **ICD Malanpur Distt. Bhind - from 15.02.2019**. It is proposed to implement the Export module of RMS in two phases. In the first phase, which is proposed to be rolled out on **15.02.2019**, RMS will process the Shipping Bills for the purpose of selecting the bills for verification of Assessment and Examination. In the second phase, which will be introduced subsequently, RMS will process the Shipping Bills after filing of EGM to select the Bills for PCA (Post Clearance Audit) and sanction of drawback by the officers.

3. **Objective**: The objective of the RMS is to strike an optimal balance between facilitation and enforcement and to promote a culture of compliance. The RMS for exports is developed with the following components (i) ensuring appropriate control measures for proper and speedy disbursement of drawback and other export incentives (ii) effective utilization of human resources, to match the workload with the resources available (iii) ensuring proper and expeditious implementation of existing controls over export under the applicable Allied Acts and Rules. By expediting the clearance of compliant export cargo, the RMS for exports will contribute to reduction in dwell time, thereby achieving the desired objective of reducing the transaction cost in order to make the business, internationally competitive. The RMS in exports will enable low risk consignments to be cleared based on the self-assessment of the declarations by exporters. This will enable the department to enhance the level of facilitation and speed up the process of cargo clearance. With the introduction of the RMS, focus will be on quality assessment, examination and Post Clearance Audit

(PCA) of Shipping Bills selected by the Risk Management System, in order that the resources of the department are utilized more effectively.

4. **The RMS Process**: Shipping Bills filed electronically into the Indian Customs EDI System (ICES) through the Service Centre or the ICEGATE will be processed by RMS. The RMS will process the data through a series of steps /corridors and produce an electronic output for the ICES. The RMS will process Shipping Bill data, on submission and after every amendment stage and communicate the output to ICES. This output from RMS will determine the flow of the Shipping Bill in ICES i.e whether the Shipping Bill will be taken up for Customs control (verification of self-assessment or examination or both) or to be given "Let Export Order" directly after payment of Export Duty (if any) without any verification of self-assessment or examination. The RMS will also provide instructions for Appraising Officer/Superintendent, Examining Officer/Inspector or the Let Export Order (LEO) Officer, wherever necessary. The RMS may facilitate Shipping Bills which are perceived to be compliant with the Customs Laws and Regulations. Such self-assessed Shipping Bills will be ready for goods registration and "Let Export Order" after payment of export duty (if any) on presentation of required documents ,on the basis of the self-assessment without any assessment /examination by the officers. Facilitated Bills will be subjected for inspection before giving LEO. High risk consignments will be interdicted by the RMS and sent for verification of self-assessment and/or examination by the officers based on risk parameters and also on a random basis. Further, if any non-compliance is noticed, the system may also select such Shipping Bills for Assessment and/or Examination. All such Bills which are selected for action by Customs will be processed in the ICES as per the treatment and instructions communicated by the RMS. It needs to be noted that the decisions communicated by the RMS on the need for verification of self- assessment and/or examination and the appraising and examination instructions communicated by the RMS have to be followed by the Officers involved in assessing and/or examining the export consignments.

5. **Compulsory Compliance requirements (CCRs):** The RMS has a consolidated database of the compliance requirements arising out of various Allied Acts which are administered by other government departments (OGD) and implemented by Customs at the borders. The Exporters/ CHAs are advised to study the applicable Allied Acts and go through the CCR for each of the RITC mentioned in the Shipping Bill, and submit necessary documents/ permits /Certificates/Licenses etc at the time of goods registration..The CCRs will be made available on the CBEC website ***www.cbic.gov.in*** shortly. In order to get full benefit of reduction in dwell time, it is advisable for the exporters/CHAs to ensure that the required documentation is meticulously prepared and kept ready when the Shipping Bill is filed. After the goods registration is done in the system, all the documents in compliance of CCRs should be submitted to the Customs Officer at the docks. All the Bills which are selected for

action by Customs will be processed in the ICES as per the treatment and instructions communicated by the RMS.

6. **Amendments in Shipping Bill:** The existing procedure for amendments in the ICES will continue. Whenever the exporter/CHA desires to seek an amendment to a Shipping Bill , even if such a Shipping Bill is not selected for any customs control , the Assistant/Deputy Commissioner (Export) should be contacted for approval of the amendments. The RMS processes the Shipping Bill after the approval of amendment and gives its output to ICES. The treatment/ instructions communicated by the RMS to ICES will be displayed in ICES after the goods registration. The Shipping bill shall be processed as per RMS instructions. In some cases, instructions may be there for sending the Shipping Bill back to AC for assessment. In such cases, the Shipping Bill will be sent to Assistant/Deputy Commissioner (Export) for Assessment. The Exporters/CHAs are expected to ensure completeness and correctness of the declaration as far as possible at the time of submission itself and avoid amendments after submission of the shipping bill as the amendments lead to delay in clearance of export cargo.

7. **Assessment of Shipping Bill**: The Shipping Bills selected by the RMS for assessment will be sent to Export Appraising Section. Present assessment process in ICES will continue. The Export Appraising Section shall assess the bills as per RMS Instructions. The Compulsory Compliance Requirements (CCRs) suggested by the RMS will be examined by the Export Appraising Section and the documents required, if any should be submitted promptly by the Exporters/CHAs. The existing query mechanism in ICES will continue.

8. **Examination and Let Export Order (LEO)**: Based on the RMS output a Shipping Bill may be sent for assessment and examination or examination alone without any assessment. Such Shipping Bills will be examined by the officers based on the RMS instructions/ examination order given in the system by Export Appraising Section and suggested CCRs. The existing system of selection of package numbers and SSO ID of officer for examination by the system after the goods registration will continue. The RMS instructions will be displayed when the officer enters the Shipping Bill Number for examination report. System of goods registration followed by examination/inspection and Let Export Order (LEO) will continue. In the case of Shipping Bills which are not selected for examination, the officers will inspect only the marks and numbers, or seal number of the consignment and integrity of the seal as the case may be, and proceed to give **Let Export Order** after the Exporter/CHA complies with the CCRs and produces the required documents.

9. **Document submission:** It is essential that all the documents are submitted by the Exporters/ CHAs to the proper officer (AO/Superintendent) before getting the **Let Export Order** for the goods. Thereafter Shipping Bill print shall be generated by the system. At the time of getting signature of LEO officer, the dockets containing

following documents where-ever applicable shall be submitted by the Exporter/CHAs after affixing their signature on each of them.

a) Copy of Shipping Bill
b) AR-4/ ARE- 1 (wherever applicable).
c) Invoice/packing list
d) ADC clearance, wherever required.
e) Other documents specified in the CCR instructions.
f) SDF (Statutory Declaration Form), wherever required.
g) CENVAT declaration, wherever required.
h) Any other documents submitted by the exporter/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 LEO officer and the representative of the CHA/Exporter.

10. **Post Clearance Audit (PCA)**: Consequent to the implementation of second phase of export RMS, a Post- Clearance Audit (PCA) function will be introduced in respect of exports after the LEO is given for export consignment. The objective of PCA is to monitor, maintain and enhance compliance levels, while reducing the dwell time of cargo. The RMS will select the Shipping Bills for audit, after issue of LEO, and these selected Shipping Bills will be directed to the audit officers for scrutiny by the ICES. In case any possible short levies or undue claim of export incentives are noticed, the officers will issue a Consultative Letter setting out the grounds for their views to the Exporters/CHAs. Audit Officers should also scrutinize declarations with reference to data quality and advise the exporters/CHAs suitably where the quality of their declarations is found deficient. Such advice is expected to be followed and will be monitored by the Local Risk Managers (LRM). Detailed instructions for PCA process in ICES and creation of audit section for PCA in export will be issued separately.

11. **Data Quality**: The Exporters/CHAs are also required to focus on the 'data quality' of the SB declarations. The RMS is designed in a manner whereby Exporters/CHAs giving proper data in the BE filed will be facilitated. The system identifies the shortcomings in any Shipping Bill and directs such Bills for action. Hence, the trade can get maximum benefit out of the system by ensuring that the information submitted in all relevant fields of the Shipping Bill is complete and accurate. It hardly needs emphasis that compliance in all its dimensions is in the mutual interest of the Government and the Trade and Industry and it will enable the government to give increasing levels of facilitation. It is expected from all Exporters/CHAs that they have a suitable mechanism in place to ensure that their declarations are accurate, sufficient and factually correct. They should ensure the complete description of the item, besides the correctness of classification, valuation, claim of benefits under export promotion schemes, if any, and also ensure compliance with mandatory requirements prescribed under Foreign Trade Policy

and/or allied enactments. They are required to ensure the correctness of 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 claim of benefits under export promotion schemes. They shall make sure that all mandatory fields in the SB are properly filled. While discharging their functions, they would be required to follow all the existing instructions /Standing Orders on the subject. Any mis-declaration/incomplete details in the Shipping Bill will be viewed seriously and Exporter/ CHA will be penalized according to the Law.

12. **Expectations from the trade**: For gaining the maximum benefit of facilitation, it is necessary that the trade makes use of the ICEGATE for submitting their documents to expedite the processing of their bills. In order to get full benefit of reduction in dwell time, it is also expected from the exporters/CHAs to ensure that the required documentation is meticulously prepared and kept ready when the Shipping Bill is filed and all the documents in compliance of CCRs are also kept ready at the time of registration of the goods.

13. 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 Ranjeet Kumar,
Addl. Commissioner of Customs, (Local Risk Manager)
Customs Circle, Bhopal
Address : 35-C, New GST Bhawan, Arera Hills,
Administrative Area, Bhopal (M.P.
E-mail: bplcustomstech@gmail.com
Telephone no. 0755- 2551407

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F. No: I(Gen)19-372/Cus/T/17-18 Date: 12 .02.2019

STANDING ORDER NO:01/2019

Subject: Implementation of Risk Management System (RMS) in Exports at ICD Malanpur- regarding

Attention is invited to the Central Board of Excise and Customs (CBEC) Circular No. 23/2013-Cus dated 24th June,2013, for operationalzing the Risk Management System (RMS) in Exports. The detailed procedure for clearance of Shipping Bills on implementation of RMS under the Indian Customs EDI System (ICES) is given below. Certain guidelines to the Local Risk Manager (LRM) officers are also given.

2. The implementation of RMS (Export) at ICD Malanpur will commence from 15.02.2019 and all Shipping Bills (SB) filed in ICES will be processed under the RMS.

3. **Objective**: The objective of the RMS is to strike an optimal balance between facilitation and enforcement and to promote a culture of compliance. The RMS for exports is developed with the following components (i) effective utilization of human resources, to match the workload with the resources available (ii) ensuring proper and expeditious implementation of existing controls over export under the applicable Allied Acts and Rules (iii) ensuring appropriate control measures for proper and speedy disbursement of drawback and other export incentives. By expediting the clearance of compliant export cargo, the RMS for exports will contribute to reduction in dwell time, thereby achieving the desired objective of reducing the transaction cost in order to make the Indian business, internationally competitive. The RMS in exports will enable low risk consignments to be cleared based on the self-assessment of the declarations by exporters. This will enable the department to enhance the level of facilitation and speed up the process of cargo clearance. It seeks to concentrate the department's resources on relatively higher risk areas so that the checks exercised are meaningful and effective. The RMS will reduce the burden of routine assessments so that the officers are enabled to devote more time to transactions that require closer scrutiny, thereby improving the quality of work. With the introduction of the RMS, the present practice of routine verification of self-assessment and examination of Shipping Bills will be discontinued and the focus will be on quality assessment, examination and Post Clearance Audit (PCA) of Shipping Bills selected by the Risk Management System, in order that the resources of the department are utilized more effectively.

4. The export RMS will be implemented in two phases. In the first phase, the RMS will process the data and provide the output to ICES only up to goods registration/examination stage. In the second phase, the RMS will also process the Shipping bill data after the Export General Manifest (EGM) is filed electronically and provide output to ICES for selection of Shipping Bills for Drawback scrutiny and Post

Clearance Audit (PCA). It is decided to launch the first phase of export RMS now and the second phase would be launched later. The following instructions are for the first phase of export RMS implementation.

5. **The RMS Process**: Shipping Bills (SB) filed electronically into the Indian Customs EDI System (ICES) through the Service Centre or the ICEGATE will be processed by RMS. The RMS will process the data through a series of steps /corridors and produce an electronic output for the ICES. The RMS will process Shipping Bill data, on submission and after every amendment till goods registration stage and communicate the output to ICES. This output from RMS will determine the flow of the Shipping Bill in ICES i.e whether the Shipping Bill will be taken up for Customs control (verification of self-assessment or examination or both) or to be given "Let Export Order" directly after payment of Export Duty (if any) without any verification of self-assessment or examination. The RMS will also provide instructions for Appraising Officer/Superintendent, Examining Officer/Inspector or the Let Export Order (LEO) Officer, wherever necessary. The RMS may facilitate Shipping Bills which are perceived to be compliant with the Customs Laws and Regulations. Such self-assessed Shipping Bills will be ready for goods registration and "Let Export Order" after payment of export duty (if any) on presentation of required documents, on the basis of the self-assessment without any assessment /examination by the officers. Facilitated Bills will be subjected to inspection i.e. checking of marks & numbers on the packages and container no. and seal no. in case of factory stuffed containers before giving LEO. High risk consignments will be interdicted by the RMS and sent for verification of self-assessment and/or examination by the officers based on risk parameters and also on a random basis. Further, if any non-compliance is noticed, the system may also select such Shipping Bills for Assessment and/or Examination. All such Bills which are selected for action by Customs will be processed in the ICES as per the treatment and instructions communicated by the RMS. It needs to be noted that the decisions communicated by the RMS on the need for verification of self- assessment and/or examination and the appraising and examination instructions communicated by the RMS have to be followed by the Officers involved in assessing and/or examining the export consignments.

6. Movement of Shipping Bills: All the Shipping Bills filed electronically in ICES will be parsed and processed by RMS on submission and after every amendment (s). The output of RMS processing will be communicated to ICES. The RMS output will determine the movement/ routing of Shipping Bills in ICES. The Shipping Bill may be sent for Assessment and Examination, Assessment only or Examination only depending upon the interdictions by the RMS tools. If a bill is not interdicted by any of the RMS tools, such facilitated bill will move directly to goods registration after payment of export duty/ cess (if any). All the Shipping Bills have to undergo goods registration before giving LEO. The LEO can be given only after verifying the compliance with the applicable Compulsory Compliance Requirements (CCRs). The system is designed in such a manner that, owing to some technical reasons if the RMS (Export) fails to provide output to ICES (Export) or RMS output is not received at ICES (Export) end in time, the existing norms of assessment and examination prescribed in the Board's Circular Nos 06/2002 – Customs dated 23.01.2002, 01/2009-Cus dated 13.01.2009, and 28/2012–Customs dated 16.11.2012 would be applicable.

7. **Assessment of RMS interdicted Shipping Bills in ICES:** The RMS will not alter the existing process and movement of Shipping Bills on the ICES. When RMS interdicted bills are directed for assessment by the system, officers concerned are

required to perform appraising/ verification of self-assessment in ICES as per the RMS instructions. The RMS instructions will be displayed in ICES screen of the officer as Appraising Instructions. The RMS instructions can also be accessed by using "View" option in the SB header. Instructions will be given in the RMS tools interdicting the bill as per the perceived risk in each Shipping bill based on the declarations made in the bill. Officers assessing the SB shall carefully read each instruction and arrive at a decision to tackle the risk. These RMS instructions form an assist and are intended to guide the officers in assessment. All such instructions are displayed as RMS instructions in ICES. Officers are expected to study all the instructions on the screen carefully and assess the SB in compliance of the RMS instructions. Officers shall enter the reasons in the Departmental Comments if any of the RMS instructions are not followed. 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 SB which are not referred to in RMS instructions. Whenever the Officer assessing the SB feels that any specific RMS instruction is not in tune with the declaration in the SB, 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 Minimum Export Price (MEP) and clearance from the Other Governmental Departments (OGDs) like Drug Control authorities, Inspection Agencies, Narcotics Commissioner and Ministry of Chemicals and Fertilizers etc. 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 Foreign Trade Policy (FTP) and other Allied Acts which 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 Division (RMD) team, for necessary updation of database. When a SB comes for assessment, the Appraising Officer after completion of his scrutiny of RMS instructions and SB declaration shall write a self contained order for examination so as to cover all the critical parameters of examination (as identified by the RMS instructions).

8. **Amendments**: Introduction of RMS (Export) does not change the procedure and practice hitherto being followed with reference to amendments to SB. But the officers handling amendments should note that any amendment would lead to a change in risk perception and consequent treatment of risk by RMS. The RMS will process the SB after every amendment and provide its output to ICES. However, the treatment of risk after the amendment(s) will be communicated in ICES only after goods registration. There may be some cases wherein the on submission treatment of risk is to send the SB for "examination only" and after amendment(s) the risk treatment would get modified to send the SB for "Assessment or Assessment& Examination". In such cases RMS instructions to "Send the SB back to AC for assessment" will be displayed in the Inspector's screen in ICES after goods registration. Such SBs should be sent back to AC for assessment by the examining staff. Officers should scrupulously follow the RMS instructions.

9. **Goods Registration**: The goods registration is mandatory for all the SBs. There is no change in the goods registration procedure. The system will display the Single-

Sign-On Id (SSO Id) of the officer for inspection/examination. If the SB is interdicted for examination, the package numbers to be examined will also be displayed.

10. Examination: The examination of all RMS interdicted bills shall be carried out as per the instructions communicated by the RMS and the assessing officer's examination instructions. Certain SBs may be directly routed by the RMS for examination without any assessment by officers. In such cases, the RMS instructions for examination should be treated as examination orders. The officers shall bear in mind all existing standing orders and circulars issued by the department, while performing their work. The examining officers must ensure that the goods under examination tally with the declared description, including critical parameters like brand, model, make, number, specification, grade, purity, configuration, capacity, denier etc., which may have a direct bearing on valuation, benefits under Export Promotion schemes and classification etc. The examination of the goods and Let Export Order (LEO) shall be completed by the officers, only after ensuring that the compulsory compliance requirements (CCRs) mentioned in the RMS instructions are duly complied with. Whenever the Officers examining the cargo feel that the CCRs figuring on their screen are not applicable to any specific SB/ item, they must enter a departmental comment in the SB in the EDI specifying the reasons thereof before giving clearance. It is also clarified that officers in the shed may examine a consignment even if it is facilitated and directly selected for LEO by the RMS, if they have a valid reason for doing so. However, such examination should be done only after prior approval of the Commissioner or an officer authorised by him for this purpose, who shall not be below the rank of Additional/Joint Commissioner of Customs and after recording the reasons for the same. A brief remark on the reasons and particulars of Commissioner's authorization shall be made by the officer examing the goods in the departmental comments in the EDI system.

11. **Let Export Order (LEO)**: It may be noted that even though in many cases the RMS decides to give appraisal and examination waiver, the LEO function would not be dispensed with and customs clearance in terms of Section 51 of the Customs Act, 1962 will continue to be given by the proper officer to each and every SB. It must be understood that the LEO officer will have a very important responsibility after introduction of RMS (Export), since he/she will exercise the last check before the goods are given clearance for exportation. Therefore the LEO officer should scrutinize the declarations in documents like AR4/ARE1 vis-à-vis the declarations in the SB and if he/she has strong reasons to believe that the exporter has mis-declared the description, RITC or value of the goods, he/she should send the SB back to the appraising group (if required), for assessment but only after prior approval of the Commissioner or an officer authorised by him for this purpose, who shall not be below the rank of Additional/Joint Commissioner of Customs and after recording the reasons for the same. A brief remark on the reasons and particulars of Commissioner's authorization shall be made by the officer examing the goods in the departmental comments in the EDI system. The Officer giving the LEO shall ensure that the consignment complies with CCRs appearing in the RMS instructions. Before giving LEO the officer shall also ensure that the dockets containing all the relevant documents are collected and retained in the office. It is clarified that whenever the decision of the LEO officer is at variance with the CCRs and RMS instructions in respect of a particular SB, he/she should record the reasons for his/her view in the EDI.

12. **Export General Manifest (EGM)**: After issue of LEO, the next major event in the processing of a SB is the filing of EGM. There will not be any change in the

procedure for filing of EGM. In the second phase, the RMS will also process the SB data after EGM is filed electronically and provide output to ICES for selection of SBs for Drawback scrutiny and PCA. Detailed instructions in this regard will be issued during the implementation of second phase of Export RMS.

13. **Data Quality**: The Assessing/Examining officers are also required to focus on the 'data quality' of the SB declarations. The assessing officer should check the description of the item, besides the correctness of classification, valuation, claim of benefits under export promotion schemes, 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 claim of benefits under export promotion schemes. They shall make sure that all mandatory fields in the SB are properly filled. While discharging their functions, they would be required to follow all the existing instructions /Standing Orders on the subject. Additional information, wherever required may be sought from the exporters. 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 Export shall monitor the queries closely.

14. **Recall of facilitated Shipping Bills:** It is expected that officers will act strictly according to the treatment and instructions provided by the RMS. Hence recall of SB and subsequent reassessment of the facilitated Shipping Bills (where no assessment and no examination are prescribed by the RMS), contrary to RMS instructions, should be avoided as a matter of routine. However, under extraordinary circumstances or on the request of the Exporter/CHA, the AC/DC in-charge shall take written approval of the Commissioner or an officer not below rank of Additional/Joint Commissioner authorized by him before recalling a SB and the details of the same shall be recorded as departmental comments.

15. **Documents Collection**: While discharging the LEO responsibility, the following documents should be collected from the exporter/ CHA by the officer giving LEO after affixing his/ her signature on the important documents.

a) Copy of the Shipping Bill
b) AR-4/ ARE- 1 (wherever applicable).
c) Invoice/packing list
d) ADC clearance, wherever required.
e) Other documents specified in the CCR instructions.
f) SDF (Statutory Declaration Form), wherever required.
g) RBI GR waiver, wherever applicable.
h) CENVAT declaration, wherever required.
i) Any other documents submitted by the exporter/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 LEO officer and the representative of the exporter/CHA. While signing the documents, the LEO officer shall put his name stamp under his signature.

16. **Post Clearance Audit (PCA) in Export :** Consequent to the implementation of second phase of export RMS, a Post- Clearance Audit (PCA) function will be introduced in respect of exports after the LEO is given for export consignment. The objective of PCA is to monitor, maintain and enhance compliance levels, while

reducing the dwell time of cargo. The RMS will select the Shipping Bills for audit, after issue of LEO, and these selected Shipping Bills will be directed to the audit officers for scrutiny by the ICES. It may be noted that the auditors are specifically being instructed to scrutinize declarations with reference to export incentives; duty drawback and other compliance requirements. Wherever necessary, RMS will provide instructions for Audit Officers. In case any possible short levies or undue claim of export incentives are noticed, the officers will issue a Consultative Letter setting out the grounds for their views to the exporters/ CHAs. Audit Officers should also scrutinize declarations with reference to data quality and advise the exporters/CHAs suitably where the quality of their declarations is found deficient. Such advice is expected to be followed and will be monitored by the Local Risk Managers (LRM). Detailed instructions for PCA process in ICES and creation of audit section for PCA in export will be issued separately.

17. **Risk Management System administration**: As in the case of Import, the national management of the Risk Management System shall be the responsibility of the Risk Management Division (RMD). The local risks shall be addressed by LRM users in co-ordination with RMD. There will be a single Local Risk Manager (Admin) for both import and export. The Additional/Joint Commissioner in charge of SIIB is designated as the LRM (Admin). The LRM (Admin) shall assign privileges in RMS (Export) to the nominated officers. The users must change their passwords at regular intervals as per CBEC password policy. In addition to handling the Targeting and Intervention activities assigned to them, all LRM users should be vigilant about all such SBs which are getting facilitated and are being sent for clearance without any assessment and/or examination. Discrepancy, if any, found in respect of such Bills should be immediately brought to the notice of the LRM for further action. Issues having national implications should be escalated to RMD through the Commissioner. The Local Risk Management Committee (LRMC) constituted in terms Para 5 of CBEC Circular No 23/2007 – Cus dated 28.06.2007 shall conduct periodical review of trends in export of major commodities with a view to identify risk parameters for creation of interdiction tools. As in the case of import the LRM (Admin) shall co-ordinate with RMD on issues relating to export RMS.

18. **Roles and Responsibilities of Officers**: The RMS does not substitute the duties and responsibilities that officers are required to discharge in their role as Customs Officers. It should, therefore, be seen as a tool for improving the performance of the department and a decision support system.

19. **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 SB 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 (Admin). Such feedback shall be routed to the RMD through the office of LRM (Admin) and will be used for updating the NRM.

20. It must be noted that the prime objective of the RMS is to enhance facilitation for compliant exporters 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.

21. 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 Ranjeet Kumar,
Addl. Commissioner of Customs (Local Risk Manager)
Customs Circle, Bhopal
Address : 35-C, New GST Bhawan, Arera Hills,
Administrative Area, Bhopal (M.P.
E-mail: bplcustomstech@gmail.com
Telephone no. 0755- 2551407

12.2.19

(NEERAV KUMAR MALLICK)
COMMISSIONER OF CUSTOMS
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OFFICE OF THE COMMISSIONER

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F. No: I(Gen)19-372/Cus/T/17-18 Date: 12 .02.2019

PUBLIC NOTICE NO: 06/2019

Su SUB: Implementation of Risk Management System (RMS) in Imports at ICD Malanpur – Regarding.

Attention of all Importers, Custom House Agents (CHA) and members of the Trade is invited to the Authorized Economic Operator (AEO) Programme replacing earlier Accredited Client Programme (ACP) is being implemented. The details of this program are set out in the CBEC circular No 33/2016-Cus dated 22/07/2016, issued from F.No.450/179/2009-Cus.IV(Pt).

The detailed procedure for clearance of the Bills of Entry (B/Es) under the Indian Customs EDI System (ICES) after the introduction of the RMS is given below.

2. **The Risk Management System in Imports will be made operational at Port from 15.02.2019.**

3. The **objective of the RMS** is to strike an optimal balance between facilitation and enforcement and to enable low risk consignments to be cleared based on the acceptance of the importer's self assessment and without examination. This will enable the department to enhance the level of facilitation and speed up the process of cargo clearance without compromising the interests of revenue. With the introduction of the RMS, the present practice of routine assessment, concurrent audit and examination of almost all Bills of Entry will be discontinued and the focus will be on ***quality assessment, examination and Post Clearance Audit*** of the selected B/Es in order to ensure that the resources of the department are utilized more effectively.

4.**RMS mechanism:** The purpose of RMS is to facilitate a large number of Bills of Entry, which are perceived to be compliant with the Customs Laws and Regulations. Such self assessed B/Es will be processed by the RMS to evaluate the risk in the B/E if any, and duty will be calculated and challan will be generated by ICES based on declaration/ self assessment by the importer. The goods will be ready for out of charge on the basis of the importer's declaration/ self assessment and without any assessment /examination by the officers.

Thus, when Bills of Entry are filed through ICEGATE or Service Center, importers would be able to obtain, the copies of their self assessed Bills of Entry and Challan within a very short time. After payment of duty, goods can be cleared on presentation of the required documents for Customs Out of Charge to the Shed Appraiser/Superintendent posted at the shed concerned. Some Bills of Entry will, however, be selected by the RMS and sent for assessment and/or examination by the officers based on risk parameters and also on a random basis. Similarly, Bills of Entry may get selected for action based on specific intelligence available. Further, if any non-compliance is noticed, the system may also select such Bills of Entry for Assessment and/or Examination. All such Bills of Entry which are selected for action will be processed in the ICES as per the treatment and instructions communicated by the RMS.

5. **The RMS Process**: Declaration of Bills of Entry and the Import General Manifest (IGM) filed electronically in the ICES either through the Service Centre or through ICEGATE mode will be forwarded to the RMS. The RMS will process the data in the Bill of Entry and IGM through a series of steps and generate an electronic output for the ICES. This output will determine whether the Bill of Entry will be taken-up for action (appraisement or examination, or both, by the officers) or such self assessed Bill of Entry is given Out of Charge directly, i.e. after duty payment but - without assessment and examination.

6. **Authorized Economic Operator (AEO):** Importers with a known track record of compliance and meeting the specified criteria, called AEO, will be given assured facilitation. The BEs filed by such importers would be cleared without any assessment and examination by the officers based on the self declaration. CBEC Circular No: 33/2016 – Cus dated 22/07/2016 on the subject may be referred in this regard. For details please visit **www.cbic.gov.in** or**www.icegate.gov.in**, from where the application form can be downloaded. All eligible Importers are advised to apply to the Designated AEO Programme Manager and avail the benefits of the scheme. Once granted AEO status, the benefits of AEO scheme may be availed by the importer across all Ports/Airports/ICDs/CFSs in India, where RMS is rolled out. Though most AEO Bills of Entry will be selected for 'no assessment & no examination' based on the importer's self assessment, the RMS will select a small percentage of Bills at random for assessment/examination. Soon after filing a Bill of Entry in the ICES by the AEO, the system will generate the Bill of Entry Number and print a copy of the B/E with the TR6 challan for duty payment. The Importer/CHA shall proceed to the bank for duty payment (if any) before proceeding to take out of charge for the goods. Though self assessment facility is given to the AEO importers and examination waiver is also given to them, the Compulsory Compliance Requirements (CCRs), (as mentioned inPara-10), for the import of goods must be fulfilled by the Importer/CHA before seeking out of charge. Therefore, it is advisable that the CHA/Importer keeps ready all the certificates, permits, licenses or any other documents which are essential for the clearance of the goods or for availing any duty exemption. After goods registration is done in the system, the Customs Officer at the docks/sheds will check the marks and numbers of the consignment (or seal number in the case of FCL containers) and send the B/E for Out of Charge after collecting all the necessary documents (as mentioned in Para-12). A small percentage of Bills of

Entry filed by the AEO will be selected by the system for assessment or examination, either on random basis or on the basis of certain criteria fixed in the system.

7. **Bond Management:** The RMS will not alter the existing process and movement of Bill of Entry in the ICES but for the abolition of the concurrent audit and changes in Bond management. Importers/CHAs filing Bs/E shall note the following:

a)**Bond Details:** For B/Es filed in Groups other than Export Promotion Groups, the Importer/CHA has to specify the running EDI bond number, if any, at the time of filing a B/E. The Bond debits will be system driven. The existing system of approval of the quantum of bond debit during assessment will be dispensed with. In view of this, it is advisable that the Importer /CHA should get their bonds registered in the Bonds section before filing B/E and procure a bond number. In all those cases where running bonds are not available at the time of filing the B/E, the Importer/CHA must go to the Bond Section soon after the B/E is assessed either by the system or the Officers for bond debits. This will apply to all types of bonds like warehouse, end- use, re-export, provisional duty et al.

b)**SVB Issues:** Wherever there is a relationship between the importer and the supplier, CHA/Importer must indicate this in the relevant column in the Annexure filed at the Service Center/ICEGATE. SVB File number, Name of the Custom House, details of SVB loading like load on duty/value/both and whether loading is provisional or final should be submitted properly in the annexure to the B/E. The ICES will assess the B/E provisionally/finally based on this indication. Failure to indicate valid SVB details in the annexure would lead tonon-facilitation.

c)**Undertaking:** If there is any undertaking to be given by the Importer for availing any notification claimed in the B/E, it is advisable that details of such undertaking be given at the time of filing the annexure itself.

d)**Central Excise Certificates:** In case the goods to be cleared are covered by Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996, the Importer/CHA, must indicate the details of such certificates in the annexure to the B/E.

e)**Miscellaneous Certificates:** For availing specific notification benefit, the Importer is required to submit certain Customs Duty exemption certificates from designated authorities like Directorate General of Hydrocarbons, Directorate of Health Services, Ministry of Defence, et al. Importers must mention the details of all such certificates in the Annexure to the B/E while filing at the ICEGATE/Service Centre.

It may please be noted that goods registration cannot be done without proper debit of bonds. As regards undertakings, certificates etc., either the appraising officer/superintendent of customs in the group or the Out of charge officer will verify the documents physically, depending upon the facilitation extended to the

B/E. For expeditious clearance of goods, it is necessary thatthe Importer/CHA is equipped to comply with all the bond- related requirements before filing the B/E and relevant details are given in the annexure filed at ICEGATE/Service Centre to avoid any undue delays.

8.**Amendments in B/E and IGM:** The existing procedure for amendments in the ICES will continue. Whenever the Importer/CHA desires to seek an amendment to a Bill of Entry, even if such a B/E is not selected for action, the concerned Dy./Astt. Commissioner in charge of Custom House and the (Group A.O./Supdt. Of Customs) should be contacted.

9.**Assessment of Bills of Entry**: Bills of Entry selected by the RMS for assessment will be sent to Appraising group. Present assessment process in ICES will continue except with the change that concurrent audit will be abolished and replaced by Post Clearance Audit (PCA). The instruction for assessment given by the RMS will be followed by the group. The Compulsory Compliance Requirements (CCRs) suggested by the RMS will be examined by the Group. The Appraiser/Superintendent of Customs, in the group will give examination order in the system. The existing query module in EDI will continue.

10.**Single Window Interface for Facilitation of Trade (SWIFT):** The CBEC has since developed integrated declaration under which all the information required for import clearance by the concerned Government Agency has been incorporated into the electronic format of the Bill of Entry. The CBEC has issued a Circular No. 10/2016 dated 15th march 2016. The detail procedure and guide in form of SWIFT Referencer is available at www.icegate.gov.in under the menu Single window. The SWIFT Programme is currently available for Participating Government Agency (PGA) as described in the said CBEC circular. The RMS has a consolidated database of the compliance requirements arising out of various other Allied Acts which are administered by other government departments (OGDs) for which SWIFT Programme is not available. For each customs tariff head mentioned in the B/E, requirements under each of the Allied Acts (including the Foreign Trade Policy) are printed on the B/E. In addition to the CCRs which are CTH specific, the RMS prints the list of crucial documents/Certificates/Undertakings etc to be collected for each exemption notifications claimed in the B/E. Importers and CHA's are advised to study the Allied Acts and Notifications and prepare the necessary documentation before filing B/E.

11.**Examination and Out of Charge (OOC)**: Based on the RMS output a Bill of Entry may be sent for examination alone without any assessment. Such Bills of Entry will be examined by the officers based on the system examination order and suggested CCRs. All other Bills of Entry selected for examination will be processed as per the examination order given by the Group and the instructions given by RMS along with the suggested CCRs. The system of goods registration followed by examination and out of charge will continue. In the case of Bills of Entry which are not selected for examination, the officers will inspect only the marks and numbers, or seal number of the container and integrity of the seal as the case may be, and proceed to give "out of charge" (OOC) after the Importer/CHA complies with the CCRs and produces the required documents. In case of Ex-bond Bills of Entry, the OOC will be given by Superintendent (Bond Section).

12.**Documents submission:** It is essential that all the documents aresubmitted to the proper officer (AO/Superintendent) before getting Out ofCharge to the goods. In addition to the documents required for CCRs, the following documents, where-ever applicable, shall be submitted by the CHA/Importer and docketed after affixing the signature on each of them:

(i)The Customs copy of the B/E [First Check/ Finally Assessed) along with the TR6 challan;

(ii)Copy of the BL and HBL, as the case may be;

(iii)Copy of Invoice & Packing List;

(iv)B/E declaration with GATT declaration duly signed by the Importer / CHA;

(v)COO Certificate, wherever required;

(vi)Copies of Duty Exemption Certificates or any other document essential in granting exemption benefit for any notification in the B/E;

(vii)Technical write-up, product literature, catalogue, manual, analytical reports, CE certificates etc (depending on the item of import and the periodicity of such imports by the same importer, the Importer may be asked to give a copy of these documents or else the B/E No and Date with which such documents were already given shall be mentioned);

(viii)Copy of the Purchase Order, Contract, Sale Agreement ;

(ix)Copy of the Letter of Credit;

(x)NOC from ADC, wherever required;

(xi)Copy of Delivery Order; and

(xii)Copy of Bond /Undertaking, if any.

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.

In case of Ex-bond Bill of Entry, the docket should be handed over to the Superintendent (Bond Section).

13. **Post Clearance Audit (PCA):** The existing system of concurrent audit shall be abolished and replaced by a Post-Clearance Compliance Verification (Audit) function. The objective of the Post Clearance Verification Programme is to monitor, maintain and enhance compliance levels, while reducing the dwell time of cargo. The selection for PCA will be done by the RMS. The Bills of Entry selected for this purpose will be processed for PCA in ICES. The officers posted in the PCA section will verify the compliance from the documents selected by the RMS. The officers will scrutinize the on screen data and may also look at the documents submitted by the Importer/CHA at the time of out of charge. The demand note on account of any short levy will be raised by the PCA section with the prior approval of the Additional/Joint Commissioner in charge. Barring

cases requiring detailed investigation, in all cases the department will issue a consultative letter to the importer, where a potential short levy is discovered during audit. The consultative letter will set out the grounds for the auditor's view in the matter and seek the importer's response thereto. In the event, the department's view is acceptable to the importer; he may pay the duty difference voluntarily. In case there is no agreement, the formal processes of demand notices, adjudication etc., would follow. **Undue delay in responding to theConsultative Letter may lead to non-facilitation (in any case within 30 days).**

14. **DATA Quality**: The RMS is designed in a manner whereby Importers/CHAs giving proper data in the B/E filed will be facilitated. The system identifies the shortcomings in any Bill of Entry and directs such Bills of Entry for action. Hence, the trade can get maximum benefit out of the system by ensuring that the information submitted in all relevant fields of the Bill of Entry is complete and accurate. Where data quality is found deficient, the Importers/CHAs would be advised to make improvements in their submissions. The stress is on self assessment of the Bill of Entry which will be processed by the system based on declaration and if found compliant, such Bills of Entry may be sent to out of charge without any action i.e. assessment or examination. It hardly needs emphasis that compliance in all its dimensions is in the mutual interest of the Government and the Trade and Industry and it will enable the Government to give increasing levels of facilitation. **It is expected from all importers/CHA's that they have suitable mechanisms in place to ensure that their declarations are accurate, sufficient and factually correct. While all the fields in the bills of entry must be meticulously filled, particular attention must be paid to ensure that the following details for every item in a Bill of Entry are precise, complete and unambiguous:-**

1.Applicable Customs Tariff Heading.

2.Applicable Central Excise Tariff Heading.

3.Item Description.

4.Generic description.

5.Manufacturer's name.

6.Model.

7.Brand

8.Country of Origin.

9.Port Of Shipment

10.Number of units.

11.Unit Quantity Code. (UQC)

12.Unit price

Any mis-declaration in the B/E will be viewed seriously and Importer/CHA will be penalized according to the Law.

15.**Re-imports**: All Bills of Entry wherein either one or more items are imported on re-imports basis claiming any related notification, **it is hereby advised to file a Bill of Entry, seeking first check to verify identity of the**

goods. Importer should enter proper text in the designated field while seeking first check. System will send all such Bills of Entry to officers concerned with relevant instructions.

16.**Expectations from the Trade**: For gaining the maximum benefit of facilitation, it is necessary that the Trade makes use of the ICEGATE for submitting their documents to expedite the processing of their Bills of Entry. Advance filing of documents will also enable quicker clearance of goods. Importers/CHAs are further advised to use the Digital Signatures while filing their documents in ICES, to avoid misuse by imposters. Please visithttp://www.icert.gov.in/ to see more on digital signatures.

17.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 Ranjeet Kumar,
Additional Commissioner of Customs (Local Risk Manager)
Office of the Commissioner of Customs, 35-C, New GST Bhawan,
Arera Hills, Administrative Area, Bhopal.
E-mail: bplcustomstech@gmail.com
Telephone no. 0755- 2551407

12.2.19

(NEERAV KUMAR MALLICK)
COMMISSIONER OF CUSTOMS
INDORE

Copy to:
As per Mailing List

OFFICE OF THE COMMISSIONER
CUSTOMS
MANIK BAGH PALACE, POST BAG NO.10, INDORE – 452 001 (M.P.)
Phone No.+91731-2762222,2360590, Fax No.+91731-2470898,2471474
2446358,2446274,2479874 E-mail indorecustoms18@gmail.com

F. No: I(Gen)19-372/Cus/T/17-18 Date: 12.02.2019

STANDING ORDER NO:02/2019

Subject: Implementation of Risk Management System (RMS) in Imports at ICD Malanpur– regarding

The Central Board of Excise and Customs (CBEC) issued two Circulars Nos. 42/2005 and 43/2005 – Cus both dated 24/11/2005, for operationalising the Risk Management System (RMS). Kind attention is also invited to CBEC Circular no. 15/2012 –Cus. Dated 13.06.2012 on this subject. the detailed procedure for clearance of Bills of Entry on implementation of RMS under the Indian Customs EDI System (ICES) is given below. Certain guidelines to the officers posted in the SIIB for managing the RMS are also given.

2. The implementation of RMS at ICD Malanpur will commence from 15.02.2019 and all Bills of Entry filed in ICES will be processed under the RMS.

3. The **objective** of the Risk Management System is to strive for an optimum balance between the facilitation and enforcement. It seeks to concentrate the department's resources on relatively higher risk areas so that the checks exercised are meaningful and effective. The RMS will reduce the burden of routine assessments so that the officers are enabled to devote more time to transactions that require closer scrutiny, thereby improving the quality of work. It will also significantly reduce the dwell time and transaction costs for compliant importers, while providing stringent enforcement against non-compliant ones. **RMS does not substitute the duties and responsibilities that officers are required to discharge in their functions. It should, therefore, be seen as a tool for improving the performance of the department and a decision support system.**

4. **The RMS Process**: Bills of Entry and the Import General Manifest (IGM) filed electronically in the ICES either through the Service Centre or through ICEGATE mode will be forwarded to the RMS. The RMS will process the Bill of Entry and the IGM through a series of steps and generate an electronic output for the ICES. This output will determine whether the Bill of Entry will be taken-up for action (assessment or examination or both) or be given Out of Charge directly. RMS output will provide specific instructions for the Appraising Officer, Examining Officer or the Out-of-Charge Officer. *The output containing instructions communicated by the RMS on the need for assessment and/or examination shall be followed by officers processing the BE*. One of the prime purposes of RMS is facilitation of a large number of Bills of Entry, which are perceived to be compliant with the Customs Laws and regulations. Such compliant B/Es which are self assessed by the Importers will be processed by the RMS and goods will be ready for out of charge on the basis of the acceptance of

importer's declaration and without any assessment /examination by the officers. Thus, when Bills of Entry are filed through ICEGATE or Service Centre, importers would be able to obtain the assessed copies of their Bills of Entry and Challan, within a short span of time. After payment of duty, goods can be cleared on presentation of required documents to the examination staff at the shed concerned.

Some Bills of Entry will, however, be taken up for assessment and/or examination based on determination by the Risk Management System regarding the perceived risk in the Bill if any, based on the intelligence built in RMS. Similarly bills may get selected for action based on specific intelligence available. Whenever a specific pattern of non-compliance is noticed, the RMS may also select such bills of entry for Assessment and/or Examination. *All such Bills which are selected for action will be processed in the ICES as per the treatment and instructions communicated by the RMS.* After clearance of goods, the details of all such BEs which have been given "Out of Charge" (OOC) for the day will be read by the RMS from the ICES tables for the purpose of selection of Bills for post clearance audit. The list of selected Bs/E will be sent to the ICES. Post clearance audit will be conducted in the ICES only on the basis of selections made by the RMS.

5. As a part of the R.M.S., an Authorized Economic Operator (AEO) programme replacing earlier Accredited Client Programme (ACP) is being implemented. The details of this program are set out in the CBEC circular No 33/2016-Cus dated 22/07/2016. As a matter of course, Authorized Economic Operator (AEO) will be granted self appraisal based on the declarations contained in their bills of entry and the system will generate the Bill of entry Number and print a copy of the Bill of Entry with the TR6 challan for duty payment. The Importer/CHA will make the duty payment (if any) before proceeding to take delivery of the goods. Though self assessment facility and examination waiver are given to the Authorized Economic Operator (AEO), the compulsory compliance requirements (CCRs) applicable to the imported goods must be fulfilled by the importer/CHA before seeking out of charge. The importers/CHAs have been advised (vide Public Facility No. dated) to keep ready all certificates, permits, licenses or any other documents which are essential for clearance of goods or for availing any duty exemption. CHAs/Importers have also been advised to submit all such details of certificates in the annexure filed for a B/E at the ICEGATE/Service centre. Soon after goods registration is done in system and the marks and numbers (seal number and integrity of the seal in the case of FCL) are verified, Appraising officer/ Superintendent will give out of charge in the system, after collecting all necessary documents (listed below) and after verifying that compulsory compliance requirements are fulfilled. ***If any BE is required to be sent back by OOC officer for assessment on account of any shortcomings in such AEO BE, the permission of the Commissioner of Customs, shall be sought on file before sending it for Investigation or assessment***. The details of such permission obtained, should be entered as "Departmental comments" in the EDI system. In respect of the consignments of AEO importers, officer giving out of charge should verify that the importer is in fact an AEO client and also verify identity of authorized person who signs the checklist while taking out of charge. *A small number of AEO bills may be selected on random basis for action. Similarly bills may be targeted for action by RMS. In all such cases the procedure for processing the non-AEO bills of entry in ICES as given below shall be followed.*

6. **Assessment of RMS selected bills of entry in ICES:** The RMS will not alter the existing process and movement of Bills of entry in ICES but for abolition of concurrent audit and changes in Bond management. When RMS selected Bs/E are directed for assessment by system, officers concerned are required to perform appraising as per normal procedure under ICES. RMS will generate assessment instructions for each selected Bill of entry depending on the perceived risk. The instructions will appear in the "RMS instructions" portion of the bill of entry in the ICES screen of the Officers and can be accessed by clicking on View ► RMS instructions" keys or RMS details menu in the B/E header. Instructions will be based on risk perception in each Bill of entry and the items declared, the Importer, CHA, Supplier or any other data available in the 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 purpose 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 of his scrutiny of RMS instructions and B/E declaration shall write a self contained order for examination so as to cover all the critical parameters of examination.**

8. **Amendments**: Introduction of RMS does not change the procedure and practice hitherto being followed with reference to amendments to bills of entry and IGM. But the officers handling amendments should note that any amendment would lead to a change in risk perception and consequent treatment by risk management system as a bill of entry is processed only once processed by RMS. While all critical parameters which have a bearing on duty/levy should not be routinely allowed to be amended and due caution should be exercised while allowing amendments, **it should also be ensured that undue delay should be avoided in the course of allowing or rejecting the same.**

9. **Examination:** The examination of all RMS selected bills shall be carried out as per the assessing officer's examination order and the instructions communicated by the RMS. Certain bills of entry may be directly routed by the RMS for examination without any assessment by officers. In such cases, the RMS instructions for examination should be treated as examination orders. The officers shall bear in mind all existing standing orders and circulars issued by the department, while performing their work. The examining officers must ensure that the goods under examination tally with the declared description, including critical parameters 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. The examination of the goods and out of charge (OOC) shall be completed by the officers, only after ensuring that the compulsory compliance requirements (CCRs) mentioned in the examination order column are duly complied with. Whenever the Officers examining the cargo feel that the CCRs figuring on their screen as well as printed on the BE are not applicable to any specific BE, they must enter a departmental comment in the BE in the EDI specifying the reasons thereof before giving clearance. It is also clarified that officers in the shed may examine a consignment even if it is directly selected for out-of-charge by the RMS, if they have a valid reason for doing so. However, such examination should be done only after bringing the case to the notice of the Additional/Joint Commissioner of Customs (Shed). In case of Accredited Clients, it would require written approval of the Commissioner.

10. **Out of Charge:** It may be noted that even though in many cases the R.M.S. decides to give appraisal and examination waiver, the out-of-charge function would not be dispensed with and customs clearance in terms of Section 47 will continue to be given by the proper officer to each and every BE. It must be understood that the OOC officer will have a very important responsibility after introduction of RMS, since he will exercise the last check before the goods are given out of charge. Therefore the OOC officer should scrutinize those documents where "No assessment & examination" was prescribed by RMS and if he has strong reasons to believe that the importer has mis-declared the description or value of the goods, he should send the B/E back to the appraising group, for assessment but only with the approval of the

Addl/Joint Commissioner in charge of examination. In many cases, BE containing one or many items in the invoice declared as on Free of charge basis, or of no commercial value or value is declared for Customs purposes only. In such cases, if the OOC officer finds that the importer did not seek first check, or the payment terms have not been declared correctly in the invoice, he should send such Bill of entry to the appraising group concerned for correct determination of value and duty. It may be noted that some compliance requirements may not figure in the CCR related instructions provided by the RMS. Such requirements would be those which are very general in nature or are applicable to a very wide range of imports. The list below cites illustrative instances of such requirements. The Officer giving the out of charge shall also ensure that the consignment complies with such requirements, besides the CCRs printed in the B/E and appearing in the examination instructions column, before clearance:

a. As per the CBEC cir. no. 39/04 dated 3/6/04 read with the Plant Quarantine (Regulation of Import into India) 2003, phytosanitary certificate is essential for packaging material used in imported goods. This circular is applicable to all goods covering every CTH imported with packaging made of material of agricultural origin.
b. DGFT notification no. RE -44 dated 24/11/2000 on labelling and marking rules for imports stipulates that MRP, generic name of the product , month and year of entry into trade channel, name of the importer and address and quantity in standard units must be carried prominently on the "principle display panel" of the packages. This requirement must be met before customs clearance.
c. Import of beef in any form and any product containing beef in any form is prohibited as per Note 3 of General Note to the Import Policy. A declaration is also required to that effect from the importer as per Note 4 General Note to the Import Policy.
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.

11. **Recall of facilitated bills of entry:** It is expected that officers will act strictly according to the treatment and instructions provided by the RMS. This is especially important for the Accredited Clients' bills of entry as such clients have been promised assured facilitation under the Accredited Clients Programme. Hence recall of bills of entry and subsequent reassessment of the facilitated bills of entry (where no assessment and no examination are prescribed by the RMS), contrary to RMS instructions, should be avoided as a matter of routine. However, under extraordinary circumstances or on the request of the Importer/CHA, the AC/DC in-charge of Group shall take written approval of concerned Joint / Additional Commissioner before

recalling a bill of entry and the details of the same shall be recorded as departmental comments.

12. **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. Master Bill of Lading
i. House Bill of Lading
j. Technical literature etc., wherever required
k. ADC clearance, wherever required
l. Other documents specified in the Compulsory compliance instructions generated by the RMS
m. 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.

13. **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.

14. **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 officer 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.

15. **Debit of Customs Duty Exemption Certificates etc.:** 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 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.

16. 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.

17. **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. The NIC has released an abridged version of PCA module. 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 can be accessed by clicking on the *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 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. The 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 . 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. 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.

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:

   a. Issue of a consultative letter (Compliance advisory)
   b. 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 operationalize 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 .

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 .

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. After sending the details to the ICES the BE will move into history.

18. **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 No's as per existing practice.

19. **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.

20. **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.

21. **Risk Management System administration**: **The Additional/Joint Commissioner in charge of SIIB is designated as LRM (ADMIN) and he will be the System Administrator of LRM.** SSO- Ids of SIIB, PCA and other Officers having role in RMS application need to be mapped before the launch of RMS. This

can be done by forwarding the SSO Ids of concerned officers in the prescribed template to SI team with a request to map for RMS application. A mail in this regard may be sent to sihelpdesk@icegate.gov.in. LRM (ADMIN) will in turn assign the roles of all other LRM users in RMS application.The users must change their passwords in LRM 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.

22. **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.

23. 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.

24. 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 Ranjeet Kumar,
Addl. Commissioner of Customs (Local Risk Manager)
Customs Circle, Bhopal
Address : 35-C, New GST Bhawan, Arera Hills,
Administrative Area, Bhopal (M.P.
E-mail: bplcustomstech@gmail.com
Telephone no. 0755- 2551407

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NEERAV KUMAR MALLICK
COMMISSIONER OF CUSTOMS
INDORE