

Chapter 3

Procedure for Clearance of Imported and Export Goods

1. Introduction:

- 1.1 The imported goods before clearance for home consumption or for warehousing are required to comply with prescribed Customs clearance formalities. This includes presentation of a Bill of Entry containing details such as description of goods, value, quantity, exemption notification, Customs Tariff Heading etc. This Bill of Entry is subject to verification by the proper officer of Customs (under self assessment scheme) and may be reassessed if declarations are found to be incorrect. Normally import declarations made are scrutinized without prior examination of goods with reference to documents made available and other information about the value / classification etc. It is at the time of clearance of goods that these are examined by the Customs to confirm the nature of goods, valuation and other aspects of the declarations. In case no discrepancies are observed at the time of examination of goods 'Out of Charge' order is issued and thereafter the goods can be cleared. Similarly Customs clearance formalities for goods meant for export have to be fulfilled by presenting a Shipping Bill and other related documents. These documents are verified for correctness of assessment and after examination of the goods, if warranted, 'Let Export Order' is given on the Shipping Bill.

2. Import procedure - Bill of Entry:

- 2.1 Goods imported into the country attract Customs duty and are also required to conform to relevant legal requirements. Thus, unless the imported goods are not meant for Customs clearance at the port/airport of arrival such as those intended for transit by the same vessel/aircraft or transshipment to another Customs station or to any place outside India, detailed Customs clearance formalities have to be followed by the importers. In contrast, in terms of Section 52 to 56 of the Customs Act, 1962 the goods mentioned in the IGM/Import Report for transit to any place outside India or meant for transshipment to another Customs station in India are allowed transit without payment of duty. In case of goods meant for transshipment to another Customs station, simple transshipment procedure has to be followed by the carrier and the concerned agencies at the first port/airport of landing and the Customs clearance formalities have to be complied with by the importer after arrival of the goods at the other Customs station. There could also be cases of transshipment of the goods after unloading to a port outside India. For this purpose a simple procedure is prescribed, and no duty is required to be paid.
- 2.2 For goods which are offloaded at a port/airport for clearance the importers have the option to clear the goods for home consumption after payment of duties leviable or to clear them for warehousing without immediate discharge of the duties leviable in terms of the warehousing provisions of the Customs Act, 1962. For this purpose every importer is required to file in terms of the Section 46 ibid a Bill of Entry for home consumption or warehousing, as the case may be, in the form prescribed by regulations. The Bill of Entry is to be submitted in sets, different copies meant for different purposes and also bearing different colours, and on the body of the Bill of Entry the purpose for which it will be used is mentioned.

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- 2.3 The importers have to obtain an Importer-Export Code (IEC) number from the Directorate General of Foreign Trade (DGFT) prior to filing of Bill of Entry for clearance of imported goods. The Customs EDI System receives the IEC number online from the DGFT.
- 2.4 If the goods are cleared through the EDI system, no formal Bill of Entry is filed as it is generated in the computer system, but the importer is required to file a cargo declaration having prescribed particulars required for processing of the Bill of Entry for Customs clearance.
- 2.5 The importer clearing the goods for domestic consumption through non-EDI ports/ airports has to file Bill of Entry in four copies; original and duplicate are meant for Customs, third copy for the importer and the fourth copy is meant for the bank for making remittances. Along with the Bill of Entry the following documents are also generally required:
- (a) Signed invoice
 - (b) Packing list
 - (c) Bill of Lading or Delivery Order/Airway Bill
 - (d) GATT valuation declaration form
 - (e) Importers/Customs Broker's declaration
 - (f) Letter of Credit, wherever necessary
 - (g) Insurance document/Import license, where necessary
 - (i) Industrial License, if required
 - (j) Test report, if necessary
 - (k) Catalogue, technical write up, literature for machineries, spares or chemicals, as applicable
 - (l) Separately split up value of spares, components, machinery
 - (m) Certificate of Origin, if preferential rate of duty is claimed
- 2.6 While filing the Bill of Entry, the correctness of the information given therein has also to be certified by the importer in the form a declaration at the foot of the Bill of Entry and any mis-declaration/incorrect declaration has legal consequences.
- 2.7 Under the EDI system, the importer does not submit documents as such but submits declarations in electronic format containing all the relevant information to the Service Centre. A signed paper copy of the declaration is taken by the service centre operator for non-reputability of the declaration. A checklist is generated for verification of data by the importer/ Customs Broker. After verification, the data is filed by the Service Centre Operator and EDI system generates a Bill of Entry Number, which is endorsed on the printed checklist and returned to the importer/ Customs Broker. No original documents are taken at this stage. Original documents are taken at the time of examination. The importer/ Customs Broker also needs to sign on the final document before Customs clearance.
- 2.8 The first stage for processing a Bill of Entry is termed as the noting/registration of the Bill of Entry vis-a-vis the IGM filed by the carrier. In the manual format, the importer has to

get the Bill of Entry noted in the concerned Noting Section which checks the consignment sought to be cleared having been manifested in the particular vessel and a Bill of Entry number is generated and indicated on all copies. After noting, the Bill of Entry gets sent to the appraising section of the Custom House for assessment functions, payment of duty etc. In the EDI system, the noting aspect is checked by the system itself, which also generates Bill of Entry number.

- 2.9 After noting/registration the Bill of Entry is forwarded manually or electronically to the concerned Appraising Group in the Custom House dealing with the commodity sought to be cleared. Appraising wing of the Custom House has a number of Groups dealing with commodities falling under different Chapter Headings of the Customs Tariff and they take up further scrutiny for assessment, import permissibility angle etc.

3. Self-assessment of imported and export goods:

- 3.1 Vide Finance Act, 2011, 'Self-Assessment' has been introduced under the Customs Act, 1962. Section 17 of the said Act provides for self-assessment of duty on imported and export goods by the importer or exporter himself by filing a Bill of Entry or Shipping Bill, as the case may be, in the electronic form, as per Section 46 or 50, respectively. Thus, under self-assessment, it is the importer or exporter who will ensure that he declares the correct classification, applicable rate of duty, value, benefit of exemption notifications claimed, if any, in respect of the imported / export goods while presenting Bill of Entry or Shipping Bill.
- 3.2 Section 46 of the Customs Act, 1962 makes it mandatory for the importer to make entry for the imported goods by presenting a Bill of Entry electronically to the proper officer except for the cases where it is not feasible to make such entry electronically. While this is not a new requirement, it provides a legal basis for electronic filing. Where it is not feasible to file these documents in the System, the concerned Commissioner can allow filing of Bill of Entry in manual mode by the importer. These Bills of Entry would continue to be regulated by Bill of Entry (Forms) Regulations, 1976. However, this facility should not be allowed in routine and the Commissioner should ensure that manual filing of Bill of Entry is allowed only in genuine and deserving cases. Similarly, on export side also, Section 50 of the Customs Act, 1962 makes it obligatory for exporters to make entry of export goods by presenting a Shipping Bill electronically to the proper officer except for the cases where it is not found feasible to make such entry electronically. In these cases the Commissioner may allow manual filing of Shipping Bill. Again, this authority should be exercised cautiously and only in genuine cases.
- 3.3 The declaration filed by the importer or exporter may be verified by the proper officer when so interdicted by the Risk Management Systems (RMS). In rare cases, such interdiction may also be made with the approval of the Commissioner or an officer duly authorized by him, not below the rank of Additional Commissioner of Customs, and this will necessarily be done after making a record in the EDI system. On account of interdictions, Bills of Entry may either be taken up for action of review of assessment or for examination of the imported goods or both. If the self-assessment is found incorrect, the duty may be reassessed. In cases where there is no interdiction, there will be no cause for the declaration filed by the importer to be taken up for verification, and such Bills of Entry will be straightaway facilitated for clearance without assessment and examination, on payment of duty, if any.

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- 3.4 The verification of a self-assessed Bill of Entry or Shipping Bill shall be with regard to correctness of classification, value, rate of duty, exemption notification or any other relevant particular having bearing on correct assessment of duty on imported or export goods. Such verification will be done selectively on the basis of the RMS, which not only provides assured facilitation to those importers having a good track record of compliance but ensures that on the basis of certain rules, intervention, etc. high risk consignments are interdicted for detailed verification before clearance. For the purpose of verification, the proper officer may order for examination or testing of the imported or export goods. The proper officer may also require the production of any relevant document or ask the importer or exporter to furnish any relevant information. Thereafter, if the self-assessment of duty is not found to have been done correctly, the proper officer may re-assess the duty. This is without prejudice to any other action that may be warranted under the Customs Act, 1962. On re-assessment of duty, the proper officer shall pass a speaking order, if so desired by the importer, within 15 days of re-assessment. This requirement is expected to arise when the importer or exporter does not agree with re-assessment, which is different from the original self-assessment. There may be situations when the proper officer of Customs finds that verification of self-assessment in terms of Section 17 requires testing / further documents / information, and the goods cannot be re-assessed quickly but are required to be cleared by the importer or exporter on urgent basis. In such cases, provisional assessment may be done in terms of Section 18 of the Customs Act, 1962, once the importer or exporter furnishes security as deemed fit by the proper officer of Customs for differential duty equal to duty provisionally assessed by him and the duty payable after re-assessment.
- 3.5 One of the salient features of self-assessment is that verification of declarations and assessment done by the importer or exporter, except for cases wherein a speaking order has been passed by the proper officer while re-assessing the duty, can also be done at the premises of the importer or exporter. On Site Post Clearance Audit (OSPCA) has been applied to importers under the Accredited Client Programme (ACP) with effect from 1.10.2011. The Post Clearance Audit at Custom Houses shall continue for other importers.
- 3.6 In cases, where the importer or exporter is not able to determine the duty liability / make self-assessment for any reason, except in cases where examination is requested by the importer under proviso to Section 46(1), a request shall be made to the proper officer for assessment of the same under Section 18(a) of the Customs Act, 1962. In this situation an option is available to the proper officer to resort to provisional assessment of duty by asking the importer / exporter to furnish security as deemed fit for differential duty equal to duty provisionally assessed and duty finally payable after assessment. This provision is to be applied in deserving cases only where importer or exporter is not able to assess the goods for duty for want of certain information / documents etc. and not in a routine manner. As far as possible, steps should be taken to provide guidance to importers/ exporters so that they are able to self-assess the duty. It should, however, be made clear that such guidance is not legally binding.
- 3.7 In both cases where no self-assessment is done and when self-assessment is done but reassessment is required under Section 17, the importer or exporter can opt for provisional assessment of duty by the proper officer of Customs. The difference is that when no self-assessment is done, the provisional assessment shall get converted into final assessment

and when self-assessment is done, the provisional assessment shall get converted into re-assessment.

- 3.8 Subsequent to introduction of self-assessment, it was felt that the existing facilitation levels under RMS could be increased as responsibility of filing correct declarations has been shifted to importers and exporters; the idea being to move towards a trust based Customs control while at the same time fine tuning the risk parameters based interdictions through RMS to check against non-compliance. Therefore, consequent to introduction of self-assessment, Board has decided that the facilitation target to be achieved for Bills of Entries would be 80% at Air Cargo Complexes, 70% at Seaports and 60% at ICDs.

[Refer Circulars No. 17/2011-Cus., dated 8-4-2011 and No.39/2011-Cus.,dated 2-9-2011]

- 3.9 For the purpose of proper assessment of duty and to ensure correctness of trade statistics it has been decided that importers/exporters shall mandatorily declare the Standard Unit Quantity Code (UQC), as indicated in the Customs Tariff Act, 1975. It is however instructed that this shall not become a cause for the holdup of export goods or delay in clearances of any goods through the Customs.

[Refer Circulars No. 26/2013-Cus., dated 19-7-2013]

4. Examination of goods:

- 4.1 All imported goods are required to be examined for verification of correctness of description given in the Bill of Entry. However, ordinarily only a part of the consignment is selected on random selection basis and examined. Also, the goods may be examined prior to assessment in case the importer does not have complete information with him at the time of import and requests for examination of the goods before assessing the duty liability or, if the Customs Appraiser/Assistant Commissioner feels the goods are required to be examined before assessment. This is called First Check Appraisalment. The importer has to request for First Check Appraisalment at the time of filing the Bill of Entry or at data entry stage giving the reason for the same. The Customs Appraiser records on original copy of the Bill of Entry the examination order and returns the Bill of Entry to the importer/ Customs Broker for being taken to the import shed for examination of the goods. Thereafter, Shed Appraiser/Dock Examiner examines the goods as per examination order and records his findings. In case appraising group has called for samples, he forwards sealed samples accordingly. The importer is required to bring back the said Bill of Entry to the assessing officer for assessing the Bill of Entry, which is countersigned by Assistant/Deputy Commissioner if the value is more than Rs.1 lakh.
- 4.2 The imported goods can also be examined subsequent to assessment and payment of duty. This is called Second Check Appraisalment. Most of the consignments are cleared on Second Check Appraisalment basis. In this case whole of the consignment is not examined and only those packages which are selected on random basis are examined.
- 4.3 Under the EDI system, the Bill of Entry, after assessment by the appraising group or first appraisalment, as the case may be, needs to be presented at the counter for registration for examination in the import shed. A declaration for correctness of entries and genuineness of the original documents needs to be made at this stage. After registration, the Bill of

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Entry is passed on to the shed Appraiser for examination of the goods. Alongwith the Bill of Entry, the Customs Broker is required to present all the necessary supporting documents. After examination of the goods, the Shed Appraiser enters the report in EDI system and transfers first appraisalment Bill of Entry to the appraising group and gives 'out of charge' in case of already assessed Bills of Entry. Thereupon, the system prints Bill of Entry and order of clearance (in triplicate). All these copies carry the examination report, order of clearance number and name of Shed Appraiser. Two copies each of Bill of Entry and the order are to be returned to the importer/Customs Broker, after the Appraiser signs them. One copy of the order is attached to the Customs copy of Bill of Entry and retained by the Shed Appraiser.

- 4.4 In order to reduce transaction cost, importers may exercise the option to de-stuff goods from foreign containers and keep the same in the CFS / ICD including in empty domestic containers therein, under Customs supervision, for subsequent clearance as per law.

[Refer F.No.450/95/2012-Cus.IV, dated 20-11-2012]

4.5 In order to prevent fraud Commissioners concerned shall develop a proper gate management system where Deputy / Assistant Commissioner of Customs, Docks / Import Shed and Deputy / Assistant Commissioner of Customs, Special Intelligence & Investigation Branch (SIIB) would carry out surprise checks at out gate and verify authenticity of the gate passes issued by the custodian. Further, Out of Charge orders must be computerized and manual Out of Charge orders should be allowed only in the rarest of rare and genuine cases. Also specimen signature of the officers posted in Docks / Import Shed should be made available at the out gate for verification. Further manual Out of Charge orders (gate passes) booklets; official stationery, stamp etc. should be kept in safe custody. Due care should also be taken to verify the particulars in the Bill of Entry and other important documents.

[Refer Instructions F.No.450/24/2012-Cus.IV, dated 29-10-2012]

5. Execution of bonds:

- 5.1 Wherever necessary, for availing duty free assessment or concessional assessment under different schemes and notifications, execution of end use bonds with Bank Guarantee or other surety is required to be furnished. These have to be executed in prescribed forms before the assessing Appraiser. For instance, when the import of goods is made under Export Promotion schemes, the importer is required to execute bonds with the Customs authorities for fulfilment of conditions of respective notifications. If the importer fails to fulfil the conditions, he has to pay the duty leviable on those goods. The amount of bond and bank guarantee is determined in terms of the instruction issued by the Board as well the conditions of the relevant notification etc.

6. Payment of duty:

- 6.1 The duty can be paid in the designated banks through TR-6 Challan. It is necessary to check the name of the bank and the branch before depositing the duty. Bank endorses the payment particulars in challan which is submitted to the Customs. Facility of e- payment of duty through more than one authorized bank is also available since 2007 at all major Customs locations.

- 6.2 With effect from 17-9-2012 e-payment of Customs duty is mandatory for importers registered under Accredited Clients Programme and importers paying duty of Rs. 1 lakh or more per Bill of Entry.

[Refer Circulars No.33/2011-Cus., dated 29-7-2011 and No. 24/2012-Cus., dated 5-9-2012]

7. Amendment of Bill of Entry:

7.1 Whenever mistakes are noticed after submission of documents, amendments to the Bill of Entry is carried out with the approval of Deputy/Assistant Commissioner. The request for amendment may be submitted with the supporting documents. For example, if the amendment of container number is required, a letter from shipping agent is required. On sufficient proof being shown to the Deputy/Assistant Commissioner amendment in Bill of Entry may be permitted after the goods have been given out of charge i.e. goods have been cleared.

8. Prior Entry for Bill of Entry:

- 8.1 For faster clearance of the goods, Section 46 of the Customs Act, 1962 allows filing of Bill of Entry prior to arrival of goods. This Bill of Entry is valid if vessel/aircraft carrying the goods arrives within 30 days from the date of presentation of Bill of Entry. This Bill of Entry has 5 copies, the fifth copy being called Advance Noting copy. The importer must declare that the vessel/aircraft is due within 30 days and present the Bill of Entry for final noting as soon as the IGM is filed. Advance noting is not available for Into- Bond Bill of Entry and also during certain special periods.

- 8.2 Often goods coming by container ships are transferred at intermediate ports (like Colombo) from mother vessel to smaller vessels called feeder vessels. At the time of filing of advance Bill of Entry, the importer does not know which vessel will finally bring the goods to Indian port. In such cases, the name of mother vessel may be filled in on the basis of the Bill of Lading. On arrival of the feeder vessel, the Bill of Entry may be amended to mention names of both mother vessel and feeder vessel.

9. Bill of Entry for bond/warehousing:

- 9.1 A separate form of Bill of Entry is used for clearance of goods for warehousing. All documents, as are required to be attached with a Bill of Entry for home consumption are also required with the Bill of Entry for warehousing which is assessed in the same manner and duty payable is determined. However, since duty is not required to be paid at the time of warehousing, the purpose of assessing the duty at this stage is only to secure the duty in case the goods do not reach the warehouse. The duty is paid at the time of ex-bond clearance of goods for which an Ex-Bond Bill of Entry is filed. The rate of duty applicable to imported goods cleared from a warehouse is the rate in- force on the date of filing of Ex-Bond Bill of Entry.

10. Risk Management System in import:

- 10.1 'Risk Management System' (RMS) has been introduced in Customs locations where the EDI System (ICES) is operational. This is one of the most significant steps in the ongoing Business Process Re-engineering of the Customs Department. RMS is based on the realization that ever increasing volumes and complexity of international

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trade and the deteriorating global security scenario present formidable challenges to Customs and the traditional approach of scrutinizing every document and examining every consignment will simply not work. Also, there is a need to reduce the dwell time of cargo at ports/airports and transaction costs in order to enhance the competitiveness of Indian businesses, by expediting release of cargo where compliance is high. Thus, an effective RMS strikes an optimal balance between facilitation and enforcement and promotes a culture of compliance. RMS is also expected to improve the management of the Department's resources by enhancing efficiency and effectiveness in meeting stakeholder expectations and bringing the Customs processes at par with best international practices.

[Refer Circular No. 43/2005-Cus., dated 24-11-2005]

- 10.2 RMS has dispensed with the practice of routine assessment, concurrent audit and examination and the present focus is on quality assessment, examination and Post Clearance Audit of selected Bills of Entry.
- 10.3 Bills of Entry and IGMs filed electronically in ICES through the Service Centre or the ICEGATE are transmitted by ICES to the RMS. The RMS processes the data through a series of steps and produces an electronic output for the ICES. This output determines whether a particular Bill of Entry will be taken-up for action (appraisement or examination or both) or be cleared after payment of duty and Out of Charge directly, without any assessment and examination. Also where necessary, RMS provides instructions for Appraising Officer, Examining Officer or the Out-of-Charge Officer. It needs to be noted that the appraising and examination instructions communicated by the RMS have been necessarily followed by the proper officer. It is, however, possible that in a few cases the proper officer might decide to apply a particular treatment to the Bill of Entry which is at variance with the instruction received from the RMS. This may happen due to risks which are not factored in the RMS. Such a course of action shall however be taken only with the prior approval of the jurisdictional Commissioner of Customs or an officer authorized 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 the particulars of Commissioner's authorization should be made by the officer examining the goods in the departmental comments section in the EDI system.
- 10.4 Post-Clearance Compliance Verification (PCC) is done to confirm the correctness of the duty assessments. The objective of PCCV is to monitor, maintain and enhance compliance levels, while reducing the dwell time of cargo. The RMS selects the Bills of Entry for audit, after clearance of the goods, and these selected Bills of Entry are directed to the audit officers for scrutiny by the EDI system. In case any possible short levies are noticed, the officers issue a Consultative Letter mentioning the grounds for their view to the importers. This is intended to give the importers an opportunity to voluntarily comply and pay the duty difference if they agree with the department's point of view. In case there is no agreement, the formal processes of demand notices, adjudication etc. would follow. The auditors are specifically instructed to scrutinize declarations with reference to data quality and advise the importers suitably where the quality of their declarations is found deficient. Such advice is expected to be followed by the trade and monitored by the local risk managers.

11. Risk Management System in Export

- 11.1 On similar lines of the RMS in imports, a Risk Management System (RMS) in Export has been introduced with effect from 15-7-2013. The RMS in exports allows low risk consignments to be cleared based on self assessment of the declarations by exporters. This enables the department to enhance the level of facilitation and speed up the process of export clearance. By expediting the clearance of compliant export cargo, the RMS in 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. At the same time, the RMS in exports will ensure proper and expeditious implementation of existing control over export goods under the applicable Allied Acts and Rules. It will also provide appropriate control measures for proper and speedy disbursement of drawback and other export incentives.
- 11.2 With the introduction of the RMS in exports, the practice of routine verification of self-assessment and examination of Shipping Bills has been discontinued and the focus is on quality assessment, examination and post clearance audit (PCA) of Shipping Bills selected by the RMS.
- 11.3 Shipping Bills filed electronically in ICES through the Service Centre or the ICEGATE will be processed by RMS through a series of steps/corridors and an electronic output will be produced for the 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 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 field formations. It is possible that in a few cases, the field formations might decide to apply a particular treatment to the Shipping Bill which is at variance with the instructions received for the RMS owing to risks which are not factored in the RMS. Such a course of action shall be taken only with the prior approval of the jurisdictional Commissioner of Customs or an officer authorised by him for this purpose, who shall not be below the rank of Addl./Joint Commissioner of Customs, and after recording the reason for the same. A brief remark on the reasons and particulars of Commissioner's authorization should be made by the officer examining the goods in the departmental comments in the EDI system.
- 11.4 The RMS in export has been launched in two phases. In the first phase the RMS will process the data and provide the output to ICES only up to goods 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).
- 11.5 With the implementation of export RMS, a Post Clearance Audit (PCA) function has been 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 would select the Shipping Bills for audit, after issue of

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LEO, and these selected Shipping Bills will be directed to the audit officers for scrutiny by the ICES.

- 11.6 As in the case of Import, the national management of the RMS shall be the responsibility of the Risk Management Division. There will be a single Local Risk Manager (Admin) for a location for both import and export.
- 11.7 The selection of Shipping Bills for verification of Self-assessment and/or examination will be based on the output given by RMS to ICES. However, owing to some technical reasons if the RMS fails to provide output to ICES or RMS output is not received at ICES end in time, the existing norms of assessment and examination will be applicable.

[Refer Circular No. 23/2013-Cus., dated 24-6-2013]

12. Risk Management Division:

- 12.1 A Risk Management Division (RMD) in Mumbai has the following charter of functions:
- (i) The RMD has the overall responsibility for designing, implementing and managing RMS using various risk parameters and risk management tools to address risks facing Customs, i.e., the potential for non-compliance with Customs and allied laws and security regulations, including risks associated with the potential failure to facilitate international trade.
 - (ii) The RMD will suggest assessment and examination in respect of consignments perceived to be risky and facilitate the remaining ones.
 - (iii) The RMD is responsible for collecting and collating information and developing an intelligence database to effectively implement the RMS and also carry out effective risk assessment, risk evaluation and risk mitigation techniques. It will update and maintain risk parameters in relation to the trade, commodities and all stakeholders associated or involved with the supply chain logistics.
 - (iv) The RMD is the nodal agency for Accredited Client's Programme (ACP). It will maintain a list of accredited clients in the RMS and closely monitor their compliance standards.
 - (v) The RMD will closely interact with all Custom Houses, Directorate of Revenue Intelligence (DRI) and Directorate of Valuation (DOV) to enable it to effectively address national risks. The RMD shall also work in close coordination with Directorate General of Audit (DG Audit). The local risks will be largely addressed by RMD in co-operation with the Custom Houses. Further, the RMD will also closely interact with DOV on all matters pertaining to the Valuation Risk Assessment Module (VRAM) of RMS. DOV will also supply the list of Most Sensitive Commodities with value bands, the list of valid valuation alerts and the list of Unusual Quantity Code (UQC) at agreed intervals.
 - (vi) The RMD will review the performance of the RMS in terms of reviewing the various targets/interventions inserted by the Local Risk Management (LRM) Committee, make objective assessment of the effectiveness of such insertions, and ensure that the performance is consistent with the objective laid down. For this purpose, the RMD shall provide necessary advice and guidance to Custom Houses as and when required, which shall be followed. The RMD will also review the extent of facilitation

being provided to the trade and offer necessary guidance to the officers in the Custom Houses with a view to providing appropriate facilitation and also ensuring compliance.

- (vii) The RMD will coordinate and liaise with Other Government Departments (OGDs), for dealing with risks relating to the compliance requirements under relevant allied Acts.
- (viii) The RMD will work in close coordination with NACEN in developing training manuals and other documentation necessary for implementing RMS and also work out regular training schedules for officers responsible for the RMS in major Customs locations.

13. National Risk Management Committee:

13.1 A National Risk Management (NRM) Committee headed by DG (Systems) reviews the functioning of the RMS, supervises implementation and provide feedback for improving its effectiveness. The NRM Committee includes representatives of Directorate General of Revenue Intelligence (DGRI), Directorate General of Valuation (DGOV), Directorate General of Audit (DG Audit), Directorate General of Safeguards (DGS) and Tax Research Unit (TRU) and Joint Secretary (Customs), CBEC. The NRM Committee meeting is to be convened by RMD at least once every quarter. The following are some of the functions of the NRM Committee:

- (i) Review performance of the RMS including implementation of ACP and PCA.
- (ii) Review risk parameters and behaviour of important risk indicators.
- (iii) Review economic trends, policies, duty rates, exemptions, market data etc. that adversely impact Customs functions and processes and suggest remedial action.

[Refer Circulars No. 23/2007-Cus., dated 28-6-2007 and No. 39/2011-Cus., dated 2-9-2011]

14. Local Risk Management (LRM) Committee:

14.1 A Local Risk Management (LRM) Committee headed by Commissioner of Customs has been constituted in each Custom House / Air Cargo Complex / ICD, where RMS is operationalised. The LRM Committee comprises the Additional / Joint Commissioner in charge of Special Investigation and Intelligence Branch (SIIB), who is designated as the Local Risk Manager and includes the Additional / Joint Commissioner in charge of Audit and a nominee, not below the rank of a Deputy Director from the regional / zonal unit of the DRI, and a nominee, not below the rank of Deputy Director from the Directorate of Valuation, if any. The LRM Committee meets once every month and some of its functions are as follows:

- (i) Review trends in imports of major commodities and valuation with a view to identifying risk indicators.
- (ii) Decide the interventions at the local level, both for assessment and examination of goods prior to clearance and for PCA.
- (iii) Review results of interventions already in place and decide on their continuation/ modification or discontinuance etc.

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- (iv) Review performance of the RMS and evaluate the results of the action taken on the basis of the RMS output.
- (v) Send periodic reports to the RMD, as prescribed by the RMD, with the approval of the Commissioner of Customs.

15. Accredited Clients Programme:

- 15.1 The Accredited Clients Programme (ACP) grants assured facilitation to importers who have demonstrated capacity and willingness to comply with the laws administered by the Customs. This programme replaces all existing schemes for facilitation in the Customs stations where EDI and RMS is implemented. Importers registered as “Accredited Clients” form a separate category to which assured facilitation is provided. Except for a small percentage of consignments selected on random by the RMS, or cases where specific intelligence is available or where a specifically observed pattern of non-compliance is required to be addressed, Accredited Clients are allowed clearance on the basis of self assessment without examination of goods as a matter of course.
- 15.2 Considering the likely volume of cargo imported by the Accredited Clients, Custom Houses are advised to create separately earmarked facility/counters for providing Customs clearance service to them. Commissioners of Customs are also required to work with the Custodians for earmarking separate storage space, handling facility and expeditious clearance procedures for these clients.
- 15.3 The RMD administers the ACP and maintains the list of Accredited Clients centrally in the RMS and also monitors their levels of compliance, in co-ordination with the DRI/Commissioners of Customs. Where compliance levels fall, the importer is at first informed for self-improvement and in case of persistent non-compliance, the importer may be deregistered under the ACP.
- 15.4 The eligibility criteria for importers to get ACP status are as follows:
- (i) They should have imported goods valued at Rs. 10 Crores [assessable value] in the previous financial year; or paid more than Rs. 1 Crore Customs duty in the previous financial year; or, in the case of importers who are also Central Excise assesses, paid Central Excise duties over Rs. 1 Crore from the Personal Ledger Account in the previous financial year, or they should be recognized as ‘status holders’ under the Foreign Trade Policy.
 - (ii) They should have filed at least 25 Bills of Entry in the previous financial year in one or more Customs stations.
 - (iii) They should have no cases of Customs, Central Excise or Service Tax, as detailed below, booked against them in the previous three financial years:
 - (a) Cases of duty evasion involving mis-declaration/ mis-statement/collusion / wilful suppression / fraudulent intent whether or not extended period for issue of SCN has been invoked.
 - (b) Cases of mis-declaration and/or clandestine/unauthorized removal of excisable / import / export goods warranting confiscation of said goods.
 - (c) Cases of mis-declaration/ mis-statement/ collusion /wilful suppression/ fraudulent intent aimed at availing CENVAT credit, rebate, refund, drawback, benefits under export promotion/reward schemes.

- (d) Cases wherein Customs/Excise duties and Service Tax has been collected but not deposited with the exchequer.
 - (e) Cases of non-registration with the Department with intent to evade payment of duty/tax.
 - (iv) They should not have any cases booked under any of the allied Acts being implemented by Customs.
 - (v) The quality of the submissions made by the applicants to Customs should be good as measured by the number of amendments made in the Bills of Entry in relation to classification of goods, valuation and claim for exemption benefits. The number of such amendments should not have exceeded 20% of the Bills of Entry during the previous financial year.
 - (vi) They should have no duty demands pending on account of non-fulfilment of export obligation.
 - (vii) They should have reliable systems of record keeping and internal controls and their accounting systems should conform to recognized standards of accounting. They are required to provide the necessary certificate from their Chartered Accountants in this regard.
- 15.5 The ACP accreditation is initially valid for a period of one year and is renewable thereafter upon a review of the compliance record of the Accredited Client.

[Refer Circulars No. 22/97-Cus., dated 4-7-1997, No.63/97-Cus., dated 21-11-1997, No.42/2005-Cus., dated 24-11-2005, and No.43/2005-Cus dated 24-11-2005]