OFFICE OF THE COMMISSIONER OF CUSTOMS (IMPORT), MUMBAI-II, JAWAHAR LAL NEHRU CUSTOM HOUSE, SHEVA, TAL-URAN, DISTRICT - RAIGAD, MAHARASHTRA

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STANDING ORDER NO. 24 /2004

Sub: NIDB data quality and marking of outliers-regarding.

Attention of all the officers and staff is invited to the Standing Order No. 67/2003 dtd. 18.09.2003, which specifies declaration of brand model, grade and other specifications by the importer of consumer goods as well as other industrial goods and proper verification of the same by assessing officers and the Docks Appraising Unit. It has been observed that above instructions have not been scrupulously followed by the officers which has resulted in distorted data analysis and incorrect

2. In the weekly NIDB data files transmitted by the Directorate, of Valuation, there are certain records marked as outliers. These markings are based on the data analysis done with the help of the software, which first collates all import consignments of identical/similar goods. For each homogenous cluster thus selected, it calculates the weighted average of unit assessed value. The unit assessed value for each import consignment within the cluster is then compared with the weighted average and the standard deviation is calculated. If the deviation is more than 10% on the negative side for a given import consignment, then it is termed as outlier.

3. The marking of a consignment as outlier does not necessarily mean that under-valuation has certainly taken place in that case. It only indicates a potential case of under-valuation and that the relevant assessment needs to be scrutinized in details and appropriate follow up action taken. Similarly, a record not marked as outlier does not necessarily mean that no under-valuation has occurred. In other words, a cent percent accuracy in data analysis is not feasible. It depends on various factors such as the completeness and accuracy of the import data transmitted by Customs Houses. Further, outliers are marked only in respect of sensitive commodities. Therefore the entire NIDB data needs to be closely scrutinized for ascertaining the valuation trend in respect of each

4. As far as quality of data analysis is concerned, the import data transmitted by Custom House need substantial improvement in terms of accuracy. Important information such as brand and model (specifications, grade) are not filled up in several cases at the time of data entry. Even at subsequent stages of assessment and examination, apparently no efforts are being made to rectify any deficiency in the data entry. It has also been noticed that in several cases the description field contains the brand and model details clubbed with description, leaving the relevant columns empty. In some cases, only the brand name was found and the actual description was missing in the import data. It is impossible to do any meaningful data analysis for NIDB in the absence of these details which have a vital bearing on the value of the goods. It has also been found that different classifications are assigned for the same commodity, indicating minimal check on this important aspect. The data analysis thus often throws erroneous and misleading results. Further,

5. In order to derive optimum benefits of the NIDB Project, considerable improvement in import data quality is necessary. However, there is no significant improvement yet. It is therefore directed that more effective steps such as checking and validation of data at the entry stage may be carried out introduced effectively. Further, checks for full data capture and to incorporate accurate details at the assessment and examination stages certainly will lead to better quality data. The NIDB data analysis and marking of outliers would then be more accurate and contemporaneous data comparison would be realistic for live assessments.

seriously.

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