

OFFICE OF THE COMMISSIONER OF CUSTOMS (EXPORT)
JAWAHARLAL NEHRU CUSTOM HOUSE, NHAVA SHEVA,
TAL. URAN, DIST. RAIGADH, MAHARASHTRA 400 707.

F.No. : EDI-17/ PN / RMS /2009 JNCH

Date : 17.06..2009

STANDING ORDER - 27/2009

Subject: Implementation of Risk management system (RMS) for Imports under the Export Promotion Schemes- reg.

The Risk Management System (RMS) has been implemented for the clearance of imported goods / cargo covered under the import declarations (Bills of Entry) filed in Appraising Groups 1 to 6 and DEPB (Group 7B). This office had issued Standing Orders viz.:6/2006 dated 22/02/06; 07/2006 dated 24/02/06;08/2006 dated 24/02/06; and 19/2006 dated 16/05/06 , vide which elaborate instructions have been issued as to how the assessment, examinations, out of charge and post-clearance audit of the bills of entry have to be carried in respect of facilitated and non-facilitated bills of entry. It has now been decided to extend the RMS to imports covered under various export promotion schemes, which include:

- (i) Advance License Scheme;
- (ii) Duty Exemption Entitlement Certificate (DEEC) Scheme;
- (iii) Export Promotion Credit Guarantee (EPCG) Scheme;
- (iv) Duty Free Entitlement Credit Certificate to Status holders;
- (v) Duty Free Certificate Entitlement Credit Certificate to SERVICE PROVIDERS;
- (vi) Duty Free Replenishment Certificate (DFRC) Scheme;
- (vii) Duty Free Import Authorization Scheme;
- (viii) 100% EOU Scheme;
- (ix) Vishesh Krishi Upaj Yojana (VKUY) Scheme;
- (x) Focus Market Scheme;
- (xi) Focus Product Scheme ;
- (xii) Served from India Scheme;
- (xiii) Jobbing-goods imported for execution of export order- Scheme
- (xiv) Target Plus Scheme;
- (xv) Import of gold and platinum under scheme for exports against supply by nominated agencies.
- (xvi) special Imprest Licence.

- (xvii) Materials imported for use in the goods to be supplied to UNO, UN-aided programme, projects aided by multilateral/bilateral agencies/funds, FPZ, EOU, FTZ and fertilizer plants
- (xviii) Advance Customs Clearance permit
- (xix) Replenishment Licence (Gem and Jewellery)
- (xx) Exemption to cut and polished diamonds and Gemstones imported by holders of Diamonds Imprest Licences or Gem Replenishment licences respectively.
- (xxi) Hi-tech Product Export Promotion Scheme

1.1 The instructions conveyed vide Standing Order No.10/2009 dt. 26.03.2009 & 19/2009 dt. 04.05.2009 on the above mentioned subject are consolidated and incorporated in the subject Standing Order.

2.0 The instructions conveyed vide the Standing Orders viz.:6/2006 dated 22/02/06; 07/2006 dated 24/02/06; 08/2006 dated 24/02/06; and 19/2006 dated 16/05/06, are applicable for the imports under the exports schemes, *mutatis mutandis*.

2.1 With this implementation, the practice of concurrent audit being followed in respect of bills of entry filed under all EP schemes, will be dispensed with. In lieu of the concurrent audit of all bills of entry under EP schemes, there shall be post-clearance audit (PCA) of the selected bills of entry only, just as in the case of Bs/E under Appraising Groups 1 to 6 and DEPB.

3.0 The importers will continue to register their Licences / Authorization / Scrips / Release Advices in the section(s) attached with respective Appraising Groups and seek a registration number, which has to be quoted in the Licence column at the time of filing the Bill of Entry.

3.1 As regards the Procurement Certificates (under 100% EOU) and Export Orders (under notification No.32/97-Cus dated 01/04/1997), the sections associated with the Appraising Groups have been directed to maintain a register and record the details of imports under the cover of the same. Further, the procedures as laid down in the Public Notice: 12/06 dated 17.02.06 and No: 13/06 dated 24.02.06 for registration of Bond and BG, wherever required, would continue to be followed, as has been the practice in Pre-RMS scenario.

4.0 As regards imports under the 100% EOU scheme, in the pre-RMS scenario, the procurement certificated (PC) addressed to the Asstt. Commissioner is brought in a sealed cover and the details are entered in a register. The Bill of Entry is then assessed w.r.t the PC. The PC is issued by the Central Excise Superintendent. of the jurisdictional range office on consignment basis with details of goods and Invoice No. The particulars of the PC and other details are tallied with Bill of Entry filed by the CHA / Importer in the EDI System and after verifying the same, the PC is debited / defaced by the assessing Officer (Group). The Importer / CHA then presents the debited / defaced PC to the Bond Superintendent (Supdt.), where the bonding procedure is followed and thereafter the Importer / CHA goes to the shed for out of charge, where the goods are then sealed by the Preventive Officer (PO).

4.1 Now, in the RMS Scenario, where the Bills of Entry are facilitated, there is no assessment of the Bill of Entry and the same directly goes to the Shed AO/Supdt. for out of charge(OOC). In such cases, before going to the shed for OOC, the PC received in the sealed cover shall be opened by the Bond Supdt (P) in the EPCG section who will then enter the Bill of Entry No. and the Transit Allowed (TA) No. in the PC and then the CHA/Importer will present the Bill of Entry to the shed officers ; then the shed officer has to tally the particulars of PC with the Bill of Entry and if in order, duly debit /deface the same and also comply with CCR and Examination instructions, before granting OOC.

5.0 To reiterate the general procedure, in short, the Bills of Entry will continue to be filed electronically in the ICES either through the Service centre or through the ICEGATE mode. The Bs/E are forwarded to RMS for processing and assessment of risk involved. The RMS will then generate the risk output based on the risk parameters fixed, which will be communicated to the officers as Compulsory Compliance Requirement (CCRs), Targeting/ Intervention /Appraising /Examination instructions. **It may please be borne in mind that the CCRs needs to be complied before the out of charge (OOC) is given notwithstanding the fact whether a bill of entry is facilitated or not.** The Officers in the Appraising Groups and Sheds /Docks will be responsible in respect of the bills that are queued up for assessment and /or examination, as the case may be before them. The officers discharging the role of OOC officer shall have to collect all the documents as mentioned in the SO 08/2006,dated 24/02/2006 including those documents on the basis of which the exemption benefit is being claimed / extended.

6.0 Needless to state that the best way of mitigating the risk associated with most of the imports under the EP schemes is to put in place some regular and effective mechanism to monitor post-implications of the goods (including raw material, capital goods). This can be taken care by very good liaison with the Central Excise formations where the manufactures / supporting manufacture /100% EOU etc are

operational. Therefore, there should not be any room for complacency under the mistaken impression that it is the responsibility of the Central Excise officers alone to safeguard duties of customs foregone in respect of EP schemes. Further, in the case of EP schemes where duty-free importation of capital goods is allowed subject to submission of installation certificates in a time-bound manner, due care should be taken by the Appraising Groups to monitor the time lines and as and when it is necessary the matter can be escalated to the SIIB for proper investigation. In view of this, the ADC/JC in-charge of the Appraising Groups, Audit and the SIIB are hereby directed to undertake periodic reviews through strategic audit and /or verifications by way of special drives whereby existence or otherwise of the importers, supporting manufactures etc, along with the end use and the manner in which the goods imported duty-free are dealt with, to avoid any revenue loss.

7.0 Henceforth the officers working in the Docks should make sure that the dockets pertaining to bills of entry filed in EP schemes and selected for PCA should also be segregated and sent to the PCA section along with the dockets pertaining to other Groups.

8.0 In case, any problems are encountered in respect of such clearances under RMS the following Officer may be contacted at the following address/ Tel.No.:

Shri Rajesh Sanan,
Additional Commissioner of Customs (SIIB-Imports) ,
Office of the Commissioner of Customs (Import) ,
Jawaharlal Nehru Custom House ,
SHEVA-400 707.
Phone -022 27241263

9.0 Although, the relevant licence is debited in the system automatically in respect of the RMS facilitated Bills of Entry pertaining to export promotion schemes, as in the case of DEPB, verification & physical endorsement on the relevant licence is necessary before granting Out of Charge (OOC).

9.0 (i) The Physical verification & endorsement on the licence in respect of RMS facilitated Bills of Entry would continue to be handled by the concerned Group AOs. Hence, Out of Charge (OOC) in respect of such RMS facilitated Bills of Entry (under the export schemes) should be given by the officers in Docks , only after checking the debit verification details endorsed on the licence.

10.1 Please ensure proper verification of the description of the goods mentioned in the relevant Bill of Entry vis-à-vis the description in the licence, before

granting OOC, since the export promotion scheme licence is valid specifically for the goods mentioned therein. Any discrepancy shall be brought to the notice of the concerned ADC / group AC/DC, through the AC/DC and ADC (Docks) for appropriate action.

10.2. ADG (RMS) confirmed that suitable targets for 100% selection of RMS facilitated Bills of Entry (pertaining to imports under Export Promotion schemes) for PCA, have been introduced in the system. Therefore, the RMS facilitated Bills of Entry is to be segregated and the same forward to Post Clearance Audit (PCA) within 24 hours from the time of Out of Charge. A legible copy of the licence including the portion bearing the endorsement of physical verification/debit should also be placed in the docket to facilitate scrutiny by PCA.

10.3. As PCA has been directed to conduct audit of such RMS facilitated scheme Bills of Entry within 5 working days from the date of Out of Charge, the officers in Docks should ensure the dockets are sent to PCA within 24 hours without fail.

(B.K. SINHA)
(COMMISSIONER OF CUSTOMS (EXPORT))

To

All the Concerned.

Copy to:-

1. The Chief Commissioner of Customs, Mumbai Zone II.,
2. The Commissioner of Customs (Import), JNCH
3. All the Addl./Jt. Commissioner of Customs, JNCH
4. All the Trade Associations.
5. The Bombay Custom House Agents Association.

STANDING ORDER - 19/2009

Subject: Implementation of Risk management system (RMS) for Imports under the Remaining Export Promotion Schemes- reg.

Attention is invited towards the Standing Order no.10/ 2009 on the above mentioned subject.

The Standing Order No. 10/2009 is amended as follows :-

A. After paragraph 1, after serial number (xiii) the following is to be included :

(xiv) Target Plus Scheme;

(xv) Import of gold and platinum under scheme for exports against supply by nominated agencies.

B. The Procurement Certificates (PC) would be received by the Bond Supdt.(P) in EPCG section and not by the Supdt.(P) in Bond section as was mentioned in Para 4.1 of the above cited Standing Order, Public Notice.

C. After paragraph 8 the following will be added :-

9.0. Although, the relevant licence is debited in the system automatically in respect of the RMS facilitated Bills of Entry pertaining to export promotion schemes, as in the case of DEPB, verification & physical endorsement on the relevant licence is necessary before granting Out of Charge (OOC).

9.0 (i) The Physical verification & endorsement on the licence in respect of RMS facilitated Bills of Entry would continue to be handled by the concerned Group AOs. Hence, Out of Charge (OOC) in respect of such RMS facilitated Bills of Entry (under the export schemes) should be given by the officers in Docks , only after checking the debit verification details endorsed on the licence.

10.1 Please ensure proper verification of the description of the goods mentioned in the relevant Bill of Entry vis-à-vis the description in the licence, before granting OOC, since the export promotion scheme licence is valid specifically for the goods mentioned therein. Any discrepancy shall be brought to the notice of the

concerned ADC / group AC/DC, through the AC/DC and ADC (Docks) for appropriate action.

10.2. ADG (RMS) confirmed that suitable targets for 100% selection of RMS facilitated Bills of Entry (pertaining to imports under Export Promotion schemes) for PCA, have been introduced in the system. Therefore, the RMS facilitated Bills of Entry is to be segregated and the same forward to Post Clearance Audit (PCA) within 24 hours from the time of Out of Charge. A legible copy of the licence including the portion bearing the endorsement of physical verification/debit should also be placed in the docket to facilitate scrutiny by PCA.

10.3. As PCA has been directed to conduct audit of such RMS facilitated scheme Bills of Entry within 5 working days from the date of Out of Charge, the officers in Docks should ensure the dockets are sent to PCA within 24 hours without fail.

(SanjeevBehari)

Commissioner of Customs (Export)