



**OFFICE OF THE COMMISSIONER OF CUSTOMS (NS-V),
SPECIAL INVESTIGATION & INTELLIGENCE BRANCH (IMP)
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F.No. SG/INV-11/2019-20/Fabric/B-Cell SIIB(I) JNCH

Date: 16.10.2019

All Principal Chief Commissioners/Chief Commissioners of Customs
The Additional Director General of Risk Management Division, Mumbai.
The Principal Additional Director General/Additional Director General of Directorate
of Revenue Intelligence Ahmedabad, Chennai, Delhi, Hyderabad, Kolkata, Lucknow,
Ludhiana, Mumbai.

Sir/Madam,

ALERT CIRCULAR -02/2019

Sub : Alert in respect of PU/PVC coated Fabrics covered under CTH 5903 - reg.

Intelligence has been developed by this office that large amount of duty evasion is taking place of goods covered under CTH 5903 by way of gross mis-declaration of quantity/description by a number of importers of fabric.

2. The goods 'PU/PVC Coated Fabric' are usually cleared based on testing by the Textiles Committee, Ministry of Textiles, Government of India, of the samples drawn from live consignment. PU Coated Fabrics are having higher value of 1.5 to 3 times the value of PVC Coated Fabric. During the course of investigation, it was revealed that several importers are mis-declaring the goods 'PU Coated Fabric' as 'PVC Coated Fabric' and are also declaring quantity (in square meters) lesser than the actual quantity. For the live consignments, methodology as per para 4 may be used.

3. The issue of mis-declaration in description (composition & thickness) can only be ascertained by the Test Report given by the accredited laboratory.

4. Mis-declaration in quantity (Square Meters) in the past consignments can be ascertained using the mathematical formula given below:

$$\text{Actual Square Meters} = \{\text{Net weight (in KGs)} * 1000\} / \text{GSM}$$

(Where GSM is obtained from Test Report/Previous Test Report and net weight from the packing list submitted by the Importer).

5. Further, in case of multiple items in consignments the actual square meters can be derived using the below mentioned formula:

$$\text{Item 1 : SQM(Declared) * GSM(As per PTR) = Weight (WT1)}$$

$$\text{Item 2 : SQM(Declared) * GSM(As per PTR) = Weight (WT2)}$$

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$$\text{Item n : SQM(Declared) * GSM(As per PTR) = Weight (WTn)}$$

Total derived weight of the consignments will be the sum of WT1, WT2.....WTn assumed as WTt.

If $WTt < \text{Net Weight (gross weight - No. of Rolls of fabric * weight of one supporting rod)}$ of the consignments declared in the Bill of Entry then it means difference of weight [Net weight of the Consignment - WTt] is undeclared.

6. The goods declared as PU Coated Fabrics may be mis-declared in quantity and thickness and goods declared as PVC Coated fabrics may be mis-declared in terms of composition, quantity in square meters and thickness which have direct impact on the value of imported goods.

7. In view of the above, it is requested that the field formations under your jurisdiction may be sensitised in this regard and suitably advised to assess and examine the goods 'PU Coated Fabric' and 'PVC Coated Fabric' carefully in order to safeguard the Revenue. Necessary steps may also be taken to safeguard the revenue for the past imports.

Yours sincerely,

-Sd-

(R.K. Mishra)

Commissioner of Customs,
NS-V, JNCH, Nhava Sheva

(R.K. Mishra)