

# 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 etc., Customs Tariff Heading. 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 scrutinised 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 confirm 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. Here also simple procedure for transshipment 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.

- 2.3 The importers have to obtain an Importer-Export Code (IEC) number from the Directorate General of Foreign Trade 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 duly filled in
  - (e) Importers/CHA's declaration
  - (f) Import license, wherever necessary
  - (g) Letter of Credit, wherever necessary
  - (h) Insurance document
  - (i) Import license, where necessary
  - (j) Industrial License, if required
  - (k) Test report in case of items like chemicals
  - (l) DEEC Book/DEPB in original, where relevant
  - (m) Catalogue, technical write up, literature in case of machineries, spares or chemicals, as applicable

- (n) Separately split up value of spares, components, machineries
  - (o) 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/CHA. 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/CHA. No original documents are taken at this stage. Original documents are taken at the time of examination. The importer/CHA 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-à-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 Customs Act, 1962 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 (new Section 46 or 50). Thus, under self-assessment, 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 Commissioner of Customs 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. The Commissioner concerned in these cases 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 of Customs 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.
- 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 Risk Management System (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. This provision is being implemented as 'On Site Post Clearance Audit' (OSPCA) programme. OSPCA has been applied to importers under the Accredited Client Programme (ACP) with effect from 1.10.2011. The current 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]

#### **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 Appraisal. The importer has to request for First Check Appraisal 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/CHA 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 Appraisal. Most of the consignments are cleared on Second Check Appraisal 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 appraisal, 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 Entry is passed on to the shed Appraiser for examination of the goods. Alongwith the Bill of Entry, the CHA 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 appraisal 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 CHA/importer, 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.

## **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 are made under Export Promotion schemes, the importer is required to execute bonds with the Customs authorities for fulfillment of conditions of respective notifications. If the importer fails to fulfill the conditions, he has to pay the duty leviable on those

goods. The amount of bond of bond and bank guarantee is in terms of the instructions issued by the Board from time to time 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 challans. 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 In order to reduce the transaction costs and expedite Customs clearance the Board has decided to make e-payment of duty mandatory from a date to be notified for the importers paying an amount of Rs. 1 lakh or more per transaction. Likewise, e-payment of duty regardless of amount shall be made mandatory for ACP importers from a date to be notified.

[Refer Circular No.33/2011-Cus., dated 29-7-2011]

## **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:**

- 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 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 also transaction costs in order to enhance the competitiveness of Indian businesses, by expediting release of cargo where compliance is high. Thus, an effective RMS would strike an optimal balance between facilitation and enforcement and promote 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 With the introduction of the RMS, the practice of routine assessment, concurrent audit and examination is discontinued and the 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 to be 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 Addl./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 The system of concurrent audit has been 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 RMS will select the Bills of Entry for audit, after clearance of the goods, and these selected Bills of Entry will be directed to the audit officers for scrutiny by the EDI system. In case any possible short levies are noticed, the officers will issue a Consultative Letter mentioning the grounds for their view to the importers/CHAs. 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. It may also be noted that the auditors are specifically instructed to scrutinize declarations with reference to data quality and advise the importers/CHAs 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.
- 10.5 The facilitation schemes viz., Self-assessment scheme, Fast Track / Green Channel, Accelerated Customs Clearance etc., are phased out with the implementation of the RMS and the Accredited Clients Programme.

## **11 Risk Management Division:**

- 11.1 With a view to streamline the operations of the RMS, a Risk Management Division (RMD) has been created under the Directorate General of Systems with 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), in order to deal 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.

## **12. National Risk Management Committee:**

12.1 A National Risk Management (NRM) Committee headed by DG (Systems) reviews the functioning of the RMS, supervise 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 behavior 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 thereof.

[Refer Circular No 23/2007-Cus., dated 28-06-2007,  
Circular No 39/2011- Cus., dated 2-09-2011]

### **13. Local Risk Management (LRM) Committee:**

13.1 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.
- (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 may be prescribed by the RMD, with the approval of the Commissioner of Customs.

### **14. Accredited Clients Programme:**

14.1 The Accredited Clients Programme (ACP) has been introduced with the objective of granting 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.

- 14.2 Considering the likely volume of cargo imported by the Accredited Clients, Custom Houses may 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.
- 14.3 The RMD administers the ACP and maintains the list of Accredited Clients centrally in the RMS. The importers who have been granted the status of Accredited Clients are required to maintain high levels of compliance, which is closely monitored by the RMD in co-ordination with the Commissioners of Customs. Where compliance levels fall, the importer is at first informed for improvement and in case of persistent non-compliance, the importer may be deregistered under the ACP.
- 14.4 In order to ensure that there is no misuse of the program by imposters (persons who assume the Accredited Client's name and identity), the Accredited Clients should file Bills of Entry using digital signatures. Additionally, all Bills of Entry must be filed through the ICEGATE and duty in respect of these consignments paid through such the Accredited Clients' bank account at the designated bank.
- 14.5 The eligibility criteria for importers to get ACP status are as follows:
- (i) They should have imported goods valued at Rs. Ten Crores [assessable value] in the previous financial year; or paid more than Rs. One 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. One 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 Indian 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 / willful 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/willful 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-fulfillment 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.
- 14.6 The ACP accreditation is initially valid for a period of one year and would be 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]

## **15. Export procedure – Shipping Bill:**

- 15.1 For clearance of export goods, the exporter or his agent has to obtain an Importer-Export Code (IEC) number from the Directorate General of Foreign Trade prior to filing of Shipping Bill. Under the EDI System, IEC number is received by the Customs System from the DGFT online. The exporter is also required to register authorised foreign exchange dealer code (through which export proceeds are expected to be realised) and open a current account in the designated bank for credit of any Drawback incentive.
- 15.2 All the exporters intending to export under the export promotion scheme need to get their licences/DEEC book etc. registered at the Customs Station. For such registration, original documents are required.

## **16. Octroi exemption for export goods:**

- 16.1 Since the Shipping Bill is generated only after the 'Let Export' order is given by Customs, the exporter may make use of export invoice or such other document as required by the Octroi authorities for the purpose of Octroi exemption.

## 17. Waiver of GR form:

- 17.1 Generally the processing of Shipping Bills requires the production of a GR form that is used to monitor the foreign exchange remittance in respect of the export goods. However, there are few exceptions when the GR form is not required. An example is export of goods valued not more than US \$25,000/- and another is export of gifts valued upto Rs.5,00,000/-.

[Refer RBI Notifications No.FEMA.23/2000-RB, dated 3-5-2000; and No.FEMA.116/2004-RB, dated 25-3-2004]

## 18. Arrival of export goods at docks:

- 18.1. The goods brought for the purpose of export are allowed entry to the Dock on the strength of the check list and other declarations filed by the exporter in the Service Center. The custodian has to endorse the quantity of goods actually received on the reverse of the check list.

## 19. Customs examination of export goods:

- 19.1 After the receipt of the goods in the Docks, the exporter/CHA may contact the Customs Officer designated for the purpose, and present the check list with the endorsement of custodian and other declarations along with all original documents such as, Invoice and Packing list, AR-4, etc. The Customs Officer may verify the quantity of the goods actually received and enter into the system and thereafter mark the Electronic Shipping Bill and also hand over all original documents to the Dock Appraiser who assigns a Customs Officer for examination and indicate the officers' name and the packages to be examined, if any, on the check list and return it to the exporter/CHA.

## 20. Examination norms:

- 20.1 The Board has fixed norms for examination of export consignments keeping in view the quantum of incentive, value of export goods, the country of destination etc. The scale of physical examination of various categories of exports at the port of export is as follows:

### A. Factory stuffed export cargo:

Category of Exports	Scale of Examination
Export goods stuffed and sealed in the presence of the Customs/Central Excise officers at the factories of manufacture, ICD/CFS, notified warehouses and other places where the Commissioner has, by a special order, permitted examination of goods for export.	No examination except: (a) where the seals are found tampered with; or (b) there is specific intelligence in which case, permission of Deputy/Assistant Commissioner would be required before checking.

**B. Export under Free Shipping Bills:**

Category of Exports	Scale of Examination
Exports under Free Shipping Bills i.e. where there is no export incentive.	No examination except where there is a specific intelligence.

**C. Export under Drawback Scheme:**

S.No.	Category of Exports	Scale of Examination	
		Export consignments shipped to sensitive places viz. Dubai, Sharjah, Singapore, Hong Kong and Colombo	Others
(i)	Consignments where the amount of drawback involved is Rs.1 lakh or less.	25%	2%
(ii)	Consignments where the amount of drawback involved is more than Rs.1 lakh.	50%	10%

**D. Export under EPCG/DEEC schemes:**

S.No.	Category of Exports	Scale of Examination	
		Export consignments shipped to sensitive places viz. Dubai, Sharjah, Singapore, Hong Kong and Colombo	Others
(i)	Consignments where the FOB value is Rs.5 lakh or less.	25%	2%
(ii)	Consignments where the FOB value is more than Rs.5 lakhs.	50%	10%

**E. Export under Shipping Bills claiming benefits under Reward Schemes:**

S.No.	Category of Exports	Scale of Examination	
		Export consignments shipped to sensitive places viz. Dubai, Sharjah, Singapore, Hong Kong and Colombo	Others
(i)	Exports under Free Shipping Bills where benefits under Chapter 3 of the FTP have been claimed by the Exporter and where the FOB value is Rs.20 lakhs or less.	25%	2%
(ii)	Exports under Free Shipping Bills where benefits under Chapter 3 of the FTP have been claimed by the Exporter and where the FOB value is more than Rs.20 lakhs.	50%	10%

- 20.2 In all cases referred to above, in respect of consignments selected for examination, a minimum of two packages with a maximum of 5% of packages (subject to a maximum of 20 packages from a consignment) shall be opened for examination. The package number to be opened for examination is selected by the EDI system.
- 20.3 It is to be ensured that exporters do not split up consignments so as to fall within the lower examination norms. Therefore, wherever on the same day the same exporter attempts to export a second consignment (other than under Free Shipping Bills) involving export incentive of Rs.1 lakh or less (Drawback/DEPB) or in other cases having the FOB value upto Rs.5 lakhs to the same country, the EDI system would alert the Examining Officer. The Examining Officer can then decide whether to subject the second consignment for examination or not. In case the buyer in both or more consignments happens to be the same person, subsequent consignments should be examined.
- 20.4 After the goods have been presented for registration to Customs and determination has been made whether or not to examine the goods, no amendments in the normal course are expected. However, in case an exporter wishes to change any of the critical parameters resulting in change of value, Drawback, DEPB credit, port etc. such consignment should be subjected to examination.
- 20.5 Notwithstanding the examination norms, any export consignment can be examined by the Customs (even upto 100%), if there is any specific intelligence in respect of the said consignment. Further, to test the compliance by trade, once in three months a higher percentage of consignments (say for example, all the first 50 consignments or a batch of consecutive 100 consignments presented for examination in a particular day) would be taken up for examination. Out of the consignments selected for examination a minimum of two packages with a maximum of 5% of packages (subject to a maximum of 20 packages from a consignment) would be taken up for checking/examination.
- 20.6 In case export goods are stuffed and sealed in the presence of Customs/Central Excise officers at the factory of manufacture/ICD/CFS/warehouse and any other place where the Commissioner has, by a special order, permitted, the containers should be bottle sealed or lead sealed. Also, in such case the consignments shall be accompanied by an examination report in the prescribed form. In case of export through bonded trucks, the truck should be similarly bottle sealed or lead sealed. In case of export by ordinary truck/other means, all the packages are required to be lead sealed.
- [Refer Circulars No.6/2002-Cus., dated 23-1-2002; and  
No.1/2009-Cus., dated 13-1-2009]
- 20.7 If the export is made claiming benefits of Drawback / DEPB or any other export promotion scheme in addition to claiming benefits under any Schemes of Chapter 3 of FTP, then the examination norms as prescribed by the Board for the respective export promotion schemes would apply. In order to claim benefits under the Reward



Schemes, the exporter is required to declare the intention to claim such benefits on the Shipping Bill itself.

- 20.8 Exports by EOUs and units in SEZs are governed by examination norms, as applicable for EPCG/DEEC schemes. However, if the export consignment of EOUs or SEZs units has been sealed by Customs/Central Excise Officer, the norms for factory stuffed cargo will apply.
- 20.9 Routine examination of perishable export cargo is not to be conducted. Customs should resort to examination of such cargo only on the basis of credible intelligence or information and with prior permission of the concerned Assistant Commissioner/ Deputy Commissioner. Further, the perishable cargo which is taken up for examination should be given Customs clearance on the day itself, unless there is contravention of Customs laws.

[Refer Circular No.8/2007-Cus., dated 22-1-2007]

- 20.10 In cases of cargo transported for exports through containers or bonded closed trucks to Gateway Port after following the Central Excise/ Customs officer supervised sealing or self-sealing by manufacturer exporters, EOUs; and containers aggregated with LCL cargo in CFSs/ ICDs sent to the port after sealing in the presence of officers the tamper proof one-time bottle seal alone should be adopted as it ensures safety and security of sealing process and avoid any resealing at the point of export. In respect of one-time bottle seals provided by the department, its cost may be recovered from exporters/ manufacturers or their agents. However, exporters/manufacturers need not be compelled to procure such bottle seals only from the department as this would defeat the very purpose of self-sealing facility and avoid delay. When trucks/ other means used for export cargo cannot be bottle sealed, same would be subject to normal examination norms at gateway port.

[Refer Circular No.1/2006-Cus., dated 2-1-2006]

- 20.11 The exporters can avail of the facility of removal of export goods from the factories on the basis of self-certification and self-sealing; but these shall be examined at the port of export on the basis of prescribed examination norms.

[Refer Circulars No.6/2002-Cus., dated 23-1-2002; and  
No.31/2002-Cus., dated 7-6-2002]

## **21. Factory stuffing permission:**

- 21.1 The grant of a single factory stuffing permission valid for all the Customs stations instead of Customs station-wise permission is permitted. This facility is subject to the following safeguards:
- (i) The exporter is required to furnish to Customs a list of Customs stations from where he intends to export his goods.

- (ii) The Custom House granting the factory stuffing permission should maintain a proper register to keep a track-record of such permissions, and also create a unique serial number for each of such permissions.
- (iii) The Custom House should circulate the factory stuffing permission to all Custom Houses concerned clearly indicating the name and contact details of the Preventive Officer/Inspector and Superintendent concerned of the Custom House granting the permission as well as those of the Central Excise Range concerned to facilitate real time verifications, if required.
- (iv) In case something adverse is noticed against the exporter, the Customs station concerned shall promptly intimate the Custom House granting the permission, which will, in turn, withdraw the permission, and inform all Custom Houses concerned.

[Refer Circular No.20/2010-Cus., dated 22-7-2010]

## **22. Variation between declaration and physical examination:**

- 22.1 The check list and the declaration along with all original documents submitted with the Shipping Bill are retained by the Appraiser concerned. In case of any variation between the declaration in the Shipping Bill and physical documents/examination report, the Appraiser may mark the Electronic Shipping Bill to the Assistant Commissioner/Deputy Commissioner of Customs (Exports) alongwith sending the physical documents and instruct the exporter or his agent to meet the Assistant Commissioner/Deputy Commissioner of Customs (Exports) for settlement of dispute. In case the exporter agrees with the views of the Department, the Shipping Bill needs to be processed accordingly. Where, however, the exporter disputes the view of the Department the issue will be finalized in accordance with the principles of natural justice.

## **23. Drawl of samples:**

- 23.1 Where the Appraiser Dock (Export) orders for samples to be drawn and tested, the Customs Officer may proceed to draw two samples from the consignment and enter the particulars thereof along with details of the testing agency in the ICES/EDI system. There is no separate register for recording dates of samples drawn. Three copies of the test memo shall be prepared by the Customs Officer and signed by the Customs Officer and Appraising Officer on behalf of Customs and the exporter or his agent. The disposal of the three copies of the test memo are as follows:
- (i) Original – to be sent along with the sample to the test agency.
  - (ii) Duplicate – Customs copy to be retained with the 2nd sample.
  - (iii) Triplicate – Exporter's copy.

23.2 If he considers it necessary, the Assistant Commissioner/Deputy Commissioner, may also order sample to be drawn for purposes other than testing such as for visual inspection and verification of description, market value inquiry, etc.

**24. Stuffing / loading of goods in containers:**

24.1 The exporter or his agent should hand over the Exporter's copy of the Shipping Bill duly signed by the Appraiser permitting "Let Export" to the steamer agent who would then approach the proper officer (Preventive Officer) for allowing the shipment. In case of container cargo the stuffing of container at Dock is done under Preventive Supervision. Further, loading of both containerized and bulk cargo is to be done under Preventive Supervision. The Customs Preventive Superintendent (Docks) may enter the particulars of packages actually stuffed into the container, the bottle seal number, details of loading of cargo container on board into the EDI system and endorse these details on the Exporter's copy of the Shipping Bill. If there is a difference in the quantity/ number of packages stuffed in the containers/goods loaded on vessel the Superintendent (Docks) may put a remark on the Shipping Bill in the EDI system and that it requires amendment or change in quantity. Such Shipping Bill may not be taken up for the purpose of sanction of Drawback/DEEC logging, till it is suitably amended. The Customs Preventive Officer supervising the loading of container and general cargo into the vessel may give "Shipped on Board" endorsement on the Exporters copy of the Shipping Bill.

24.2 Palletisation of cargo is done after grant of Let Export Order (LEO). Thus, there is no need for a separate permission for palletisation from Customs. However, the permission for loading in the aircraft/vessel would continue to be obtained.

[Refer Circular No.18/2005-Cus., dated 11-3-2005]

**25. Amendments:**

25.1 Any correction/amendments in the check list generated after filing of declaration can be made at the Service Center provided the documents have not yet been submitted in the EDI system and the Shipping Bill number has not been generated. Where corrections are required to be made after the generation of the Shipping Bill number or after the goods have been brought into the Export Dock, the amendments will be carried out in the following manner:

- (i) If the goods have not yet been allowed "Let Export" the amendments may be permitted by the Assistant Commissioner (Exports).
- (ii) Where the "Let Export" order has already been given, amendments may be permitted only by the Additional/Joint Commissioner in charge of Export.

25.2 In both the cases, after the permission for amendments has been granted, the Assistant Commissioner/Deputy Commissioner (Export) may approve the amendments on the EDI system on behalf of the Additional/Joint Commissioner. Where the print out of the

Shipping Bill has already been generated, the exporter may first surrender all copies of the Shipping Bill to the Dock Appraiser for cancellation before amendment is approved on the system.

- 25.3 In respect of amendment in AEPC Certificate on receipt of request from the exporter, the Assistant Commissioner /Deputy Commissioner (Exports) should allow the change of port in EDI Shipping Bills / invoice to help exporters in getting the goods cleared without waiting for an amendment of documents by AEPC. The ratification of the port of change would be done subsequently by AEPC.

[Refer Circular No.46/2003-Cus., dated 5-6-2003]

## **26. Drawback claim:**

- 26.1 After actual export of the goods, the Drawback claim is automatically processed through EDI system by the officers of Drawback Branch on first-come-first-served basis. The status of the Shipping Bills and sanction of Drawback claim can be ascertained from the query counter set up at the Service Center. If any query is raised or deficiency noticed, the same is also shown on the terminal and a print out thereof may be obtained by the authorized person of the exporter from the Service Center. The exporters are required to reply to such queries through the Service Center. The claim will come in queue of the EDI system only after reply to queries/deficiencies is entered in the Service Center.
- 26.2 All the claims sanctioned on a particular day are enumerated in a scroll and transferred to the Bank through the system. The bank credits the drawback amount in the respective accounts of the exporters. The bank may send a fortnightly statement to the exporters of such credits made in their accounts.
- 26.3 The Steamer Agent/Shipping Line may transfer electronically the EGM to the Customs EDI system so that the physical export of the goods is confirmed, to enable the Customs to sanction the Drawback claims.

## **27. Generation of Shipping Bills:**

- 27.1 After the "Let Export" order is given on the EDI system by the Appraiser, the Shipping Bill is generated in two copies i.e., one Customs copy, one exporter's copy (EP copy is generated after submission of EGM). After obtaining the print out the Appraiser obtains the signatures of the Customs Officer and the representative of the CHA on both copies of the Shipping Bill and examination report. The Appraiser thereafter signs and stamps both the copies of the Shipping Bill.
- 27.2 The Appraiser also signs and stamps the original and duplicate copy of SDF and thereafter forward the Customs copy of Shipping Bill and original copy of the SDF along with the original declarations to Export Department. The exporter copy and the second copy of the SDF are returned to the exporter or his agent.

## **28. Export General Manifest:**

- 28.1 All the shipping lines/agents need to furnish the Export General Manifests, Shipping Bill-wise, to the Customs electronically before departure of the conveyance.
- 28.2 Apart from lodging the EGM electronically the shipping lines need to continue to file manual EGMs along with the exporter copy of the Shipping Bills in the Export Department where they would be entered in a register. The shipping lines may obtain acknowledgement indicating the date and time at which the EGMs were received by the Export Department. .

[Refer Circulars No.33/96-Cus., dated 17-6-1996; No.6/2002-Cus., dated 23-1-2002; No.31/2002-Cus., dated 7-6-2002; No.3/2003-Cus., dated 3-3-2003; No.53/2004-Cus., dated 13-10-2004; No.18/2005-Cus., dated 11-3-2005; No.42/2005-Cus., dated 24-11-2005; No.43/2005-Cus., dated 24-11-2005; No.1/2006-Cus., dated 2-1-2006; No.8/2007-Cus., dated 22-1-2007; No.23/2007-Cus., dated 28-6-2007; and No.1/2009-Cus., dated 13-1-2009]

## **29. Electronic Declarations for Bills of Entry and shipping Bills:**

- 29.1 Bill of Entry (Electronic Declaration) Regulations, 2011 has been framed in supersession of the Bill of Entry (Electronic Declaration) Regulations, 1995 to incorporate changes made vide Finance Act, 2011 and mandate self-assessment by the importer or exporter, as the case may be. Likewise, Shipping Bill (Electronic Declaration) Regulations, 2011 are framed in tune with statutory provisions of Sections 17, 18 and 50 of the Customs Act, 1962.

[Refer Notifications No.79/2011-Customs (N.T.) dated 25-11-2011; and No.80/2011-Customs (N.T.) dated 25-11-2011]

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