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Sub: Implementation of Risk Management System (RMS) in Exports-reg.

Attention of all Exporters, Custom House Agents (CHA) and members of the Trade is invited to the Board's Circular No. 23/2013- Customs dated 24th June, 2013 on the implementation of Risk Management System (RMS) in Exports. The detailed procedure for clearance of the Shipping Bills under the Indian Customs EDI System (ICES) after the introduction of the RMS is given below.

2. Risk Management System in exports will be made operational at **ICD, Borkhedi** from **30th January 2017**. It is proposed to implement the Export module of RMS in two phases. In the first phase, which is proposed to be rolled out on **30th January 2017**, RMS will process the Shipping Bills for the purpose of selecting the bills for verification of Assessment and Examination. In the second phase, which will be introduced subsequently, RMS will process the Shipping Bills after filing of EGM to select the Bills for PCA (Post Clearance Audit) and sanction of drawback by the officers.

3. **Objective:** The objective of the RMS is to strike an optimal balance between facilitation and enforcement and to promote a culture of compliance. The RMS for exports is developed with the following components (i) ensuring appropriate control measures for proper and speedy disbursement of drawback and other export incentives (ii) effective utilization of human resources, to match the workload with the resources available (iii) ensuring proper and expeditious implementation of existing controls over export under the applicable Allied Acts and Rules. By expediting the clearance of compliant export cargo, the RMS for 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. The RMS in exports will enable low risk consignments to be cleared based on the self-assessment of the declarations by exporters. This will enable the department to enhance the level of facilitation and speed up the process of cargo clearance. With the introduction of the RMS, focus will be on quality assessment, examination and Post Clearance Audit (PCA) of Shipping Bills selected by the Risk Management System, in order that the resources of the department are utilized more effectively.

4. **The RMS Process:** Shipping Bills filed electronically into the Indian Customs EDI System (ICES) through the Service Centre or the ICEGATE will be processed by RMS. The RMS will process the data through a series of steps /corridors and produce an electronic output for the ICES. The RMS will process Shipping Bill data, on submission and after every amendment stage and communicate the output to 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 RMS may facilitate Shipping Bills which are perceived to be compliant with the Customs Laws and Regulations. Such self-assessed Shipping Bills will be ready for goods registration and “Let Export Order” after payment of export duty (if any) on presentation of required documents ,on the basis of the self-assessment without any assessment /examination by the officers. Facilitated Bills will be subjected for inspection before giving LEO. High risk consignments will be interdicted by the RMS and sent for verification of self-assessment and/or examination by the officers based on risk parameters and also on a random basis. Further, if any non-compliance is noticed, the system may also select such Shipping Bills for Assessment and/or Examination. All such Bills which are selected for action by Customs will be processed in the ICES as per the treatment and instructions communicated by the RMS. It needs to be noted that 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 Officers involved in assessing and/or examining the export consignments.

5. **Compulsory Compliance requirements (CCRs):** The RMS has a consolidated database of the compliance requirements arising out of various Allied Acts which are administered by other government departments (OGD) and implemented by Customs at the borders. The Exporters/ CHAs are advised to study the applicable Allied Acts and go through the CCR for each of the RITC mentioned in the Shipping Bill, and submit necessary documents/ permits /Certificates/Licenses etc at the time of goods registration. The CCRs will be made available on the CBEC website www.cbec.gov.in shortly. In order to get full benefit of reduction in dwell time, it is advisable for the exporters/CHAs to ensure that the required documentation is meticulously prepared and kept ready when the Shipping Bill is filed. After the goods registration is done in the system, all the documents in compliance of CCRs should be submitted to the Customs Officer at the docks. All the Bills which are selected for action by Customs will be processed in the ICES as per the treatment and instructions communicated by the RMS.

6. **Amendments in Shipping Bill:** The existing procedure for amendments in the ICES will continue. Whenever the exporter/CHA desires to seek an amendment to a Shipping Bill, even if such a Shipping Bill is not selected for any customs control , the Assistant/Deputy Commissioner (Export) should be contacted for approval of the amendments. The RMS processes the Shipping Bill after the approval of amendment and gives its output to ICES. The treatment/ instructions communicated by the RMS to ICES will be displayed in ICES after the goods registration. The

Shipping bill shall be processed as per RMS instructions. In some cases, instructions may be there for sending the Shipping Bill back to AC for assessment. In such cases, the Shipping Bill will be sent to Assistant/Deputy Commissioner (Export) for Assessment. The Exporters/CHAs are expected to ensure completeness and correctness of the declaration as far as possible at the time of submission itself and avoid amendments after submission of the shipping bill as the amendments lead to delay in clearance of export cargo.

7. **Assessment of Shipping Bill:** The Shipping Bills selected by the RMS for assessment will be sent to Export Appraising Section. Present assessment process in ICES will continue. The Export Appraising Section shall assess the bills as per RMS Instructions. The Compulsory Compliance Requirements (CCRs) suggested by the RMS will be examined by the Export Appraising Section and the documents required, if any should be submitted promptly by the Exporters/CHAs. The existing query mechanism in ICES will continue.

8. **Examination and Let Export Order (LEO):** Based on the RMS output a Shipping Bill may be sent for assessment and examination or examination alone without any assessment. Such Shipping Bills will be examined by the officers based on the RMS instructions/ examination order given in the system by Export Appraising Section and suggested CCRs. The existing system of selection of package numbers and SSO ID of officer for examination by the system after the goods registration will continue. The RMS instructions will be displayed when the officer enters the Shipping Bill Number for examination report. System of goods registration followed by examination/inspection and Let Export Order (LEO) will continue. In the case of Shipping Bills which are not selected for examination, the officers will inspect only the marks and numbers, or seal number of the consignment and integrity of the seal as the case may be, and proceed to give **Let Export Order** after the Exporter/CHA complies with the CCRs and produces the required documents.

9. **Document submission:** It is essential that all the documents are submitted by the Exporters/ CHAs to the proper officer (AO/Superintendent) before getting the **Let Export Order** for the goods. Thereafter Shipping Bill print shall be generated by the system. At the time of getting signature of LEO officer, the dockets containing following documents where-ever applicable shall be submitted by the Exporter/CHAs after affixing their signature on each of them.

- a) Copy of Shipping Bill
- b) AR-4/ ARE- 1 (wherever applicable).
- c) Invoice/packing list
- d) ADC clearance, wherever required.
- e) Other documents specified in the CCR instructions.
- f) SDF (Statutory Declaration Form), wherever required.
- g) CENVAT declaration, wherever required.
- h) Any other documents submitted by the exporter/CHA.

All these documents should be neatly kept in a docket, which will have a check list on the top, containing the documents listed supra. The Check list shall be signed by the LEO officer and the representative of the CHA/Exporter.

10. **Post Clearance Audit (PCA):** Consequent to the implementation of second phase of export RMS, a Post- Clearance Audit (PCA) function will be 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 will select the Shipping Bills for audit, after issue of LEO, and these selected Shipping Bills will be directed to the audit officers for scrutiny by the ICES. In case any possible short levies or undue claim of export incentives are noticed, the officers will issue a Consultative Letter setting out the grounds for their views to the Exporters/CHAs. Audit Officers should also scrutinize declarations with reference to data quality and advise the exporters/CHAs suitably where the quality of their declarations is found deficient. Such advice is expected to be followed and will be monitored by the Local Risk Managers (LRM). Detailed instructions for PCA process in ICES and creation of audit section for PCA in export will be issued separately.

11. **Data Quality:** The Exporters/CHAs are also required to focus on the 'data quality' of the SB declarations. The RMS is designed in a manner whereby Exporters/CHAs giving proper data in the BE filed will be facilitated. The system identifies the shortcomings in any Shipping Bill and directs such Bills for action. Hence, the trade can get maximum benefit out of the system by ensuring that the information submitted in all relevant fields of the Shipping Bill is complete and accurate. It hardly needs emphasis that compliance in all its dimensions is in the mutual interest of the Government and the Trade and Industry and it will enable the government to give increasing levels of facilitation. It is expected from all Exporters/CHAs that they have a suitable mechanism in place to ensure that their declarations are accurate, sufficient and factually correct. They should ensure the complete description of the item, besides the correctness of classification, valuation, claim of benefits under export promotion schemes, if any, and also ensure compliance with mandatory requirements prescribed under Foreign Trade Policy and/or allied enactments. They are required to ensure the correctness of all critical aspects of description like brand, model, make, number, specification, grade, purity, configuration, capacity, denier etc. which may have a direct bearing on valuation, classification or claim of benefits under export promotion schemes. They shall make sure that all mandatory fields in the SB are properly filled. While discharging their functions, they would be required to follow all the existing instructions /Standing Orders on the subject. Any mis-declaration/incomplete details in the Shipping Bill will be viewed seriously and Exporter/ CHA will be penalized according to the Law.

12. **Expectations from the trade:** For gaining the maximum benefit of facilitation, it is necessary that the trade makes use of the ICEGATE for submitting their documents to expedite the processing of their bills. In order to get full benefit of reduction in dwell time, it is also expected from the exporters/CHAs to ensure that the required documentation is meticulously prepared and kept ready when the Shipping Bill is filed and all the documents in compliance of CCRs are also kept ready at the time of registration of the goods.

13. In case of any difficulties faced in the implementation of the Risk Management System, the Local Risk Manager (LRM), whose address and contact particulars are given below, may be contacted:

Shri Rakesh Deepak,
Customs Joint Commissioner of Customs (SIIB-Exp) and Local Risk Manager
Office of the Commissioner,
Customs, Central Excise & Service Tax, Nagpur – II Commissionerate
Civil Lines, Telengkhedi Road, Nagpur - 440001
Telephone No: 2562590 (Office)
Web-mail:- deepakkumar1431965@gmail.com


(Ashish Chandan)
Commissioner

Customs, Central Excise and Service Tax,
Nagpur- II Commissionerate

To,
All Concerned.

Copy to:

1. The Chief Commissioner, Customs, Central Excise and Service Tax, Nagpur Zone, Nagpur.
2. The Director General, Directorate General of Systems, Customs & Central Excise, 4th & 5th Floor, Hotel Samrat, Kautilya Marg, Chanakya Puri, New Delhi – 110021
3. The Additional Director General, Risk Management Division, Directorate of Revenue Intelligence, Central Board of Excise and Customs, 13, Sir Vithaldas Thackersey Marg, Opposite Patkar Hall, New Marine Lines, Mumbai – 440020
4. The Assistant Commissioner, ICD, Borkhedi, Nagpur – II
5. The Assistant Commissioner (Systems), Nagpur – II with a request to upload the Public Notice on the official website of Nagpur – II Commissionerate
6. M/s. Distribution Logistics Infrastructure Pvt. Ltd., Integrated Logistics Park, ICD, Borkhedi, Nagpur – 441108.
7. Office Copy