



OFFICE OF THE COMMISSIONER OF CUSTOMS, CENTRAL EXCISE & SERVICE TAX,  
N-5, TOWN CENTRE, CIDCO, AURANGABAD- 431 030

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### **PUBLIC FACILITY No: 1 / 2011**

#### **Sub: Implementation of Risk Management System (RMS) in Imports-reg.**

Attention of all Importers, Custom House Agents (CHA) and members of the Trade is invited to the Board's Circulars 43/2005 and 42/2005 – Cus., both dated 24/11/2005, issued from F. No. 450/66/2005 Cus IV on the Risk Management System (RMS) and the Accredited Clients Program (ACP), respectively. The detailed procedure for clearance of the bills of entry under the Indian Customs EDI System (ICES) after the introduction of the RMS is given below.

2. Risk Management System in imports will be made operational at ICD Maliwada and ICD Waluj from 07 April 2011.

3. The **objective of the RMS** is to strike an optimal balance between facilitation and enforcement and to enable low risk consignments to be cleared based on the acceptance of the importer's self assessment and without examination. This will enable the department to enhance the level of facilitation and speed up the process of cargo clearance without compromising the interests of revenue. With the introduction of the RMS, the present practice of routine assessment, concurrent audit and examination of almost all Bills of Entry will be discontinued and the focus will be on **quality assessment, examination and Post Clearance Audit** of the selected bills in order that the resources of the department are utilized more effectively.

4 **RMS mechanism:** The purpose of RMS is to facilitate a large number of Bills of entry, which are perceived to be compliant with the Customs Laws and Regulations. Such

self assessed Bills of Entry will be processed by the RMS to evaluate the risk in the Bill if any, duty will be calculated and challan will be generated by ICES based on declaration/ self assessment by the importer. The goods will be ready for out of charge on the basis of the importers declaration/ self assessment and without any assessment /examination by the officers. Thus, when Bills of Entry are filed through ICEGATE or Service Centre, importers would be able to obtain, the copies of their self assessed Bills of Entry and Challan within a very short time. After payment of duty, goods can be cleared on presentation of the required documents for Customs out of Charge to the Shed Appraiser posted at the shed concerned. Some Bills of Entry will, however, be selected by the RMS and sent for assessment and/or examination by the officers based on risk parameters and also on a random basis. Similarly, Bills of Entry may get selected for action based on specific intelligence available. Further, if any non-compliance is noticed, the system may also select such bills of entry for Assessment and/or Examination. All such Bills which are selected for action will be processed in the ICES as per the treatment and instructions communicated by the RMS.

5. **The RMS Process:** Declaration of Bills of Entry and the Import General Manifest (IGM) are filed electronically in the ICES either through the Service Centre or through ICEGATE. The RMS will process the data in the Bill of Entry and IGM through a series of steps and generate an electronic output for the ICES. This output will determine whether the Bill of Entry will be taken-up for action (assessment or examination, or both, by the officers) or such self assessed Bill of Entry is given Out of Charge directly, i.e. after duty payment but - without assessment and examination.

6. **Accredited Clients Programme:** Importers with a known track record of compliance and meeting the specified criteria, called Accredited Clients, will be given assured facilitation. The Bills of Entry filed by such importers would be cleared without any assessment and examination by the officers based on the self declaration. CBEC Circular No 42/2005 – Cus dated 24/11/2005 on the subject may be referred in this regard. For details please visit [www.cbec.gov.in](http://www.cbec.gov.in) or [www.icegate.gov.in](http://www.icegate.gov.in), from where the application form can be downloaded. All eligible Importers are advised to apply to the Commissioner and avail the benefits of the scheme. Once granted ACP status, the benefits of ACP scheme may be availed by the importer across all ports/airports/ICD/CFS in India where RMS is rolled out. Though most ACP Bills of Entry will be selected for 'no assessment & no examination' based on the importer's self assessment, the RMS will select a small percentage of bills at random for assessment/examination. Soon after filing a Bill of entry in the ICES by the accredited client, the system will generate the Bill of entry Number and print a copy of the Bill with the TR6 challan for duty payment. The Importer/CHA shall proceed to the bank for duty payment (if any) before proceeding to take out of charge for the goods. Though self assessment facility is given to the ACP importers and examination waiver is also given to them, the compulsory compliance requirements (CCRs), for the import of goods must be fulfilled by the importer/CHA before seeking out of charge. Therefore, it is advisable that the CHA/importer keep ready all the certificates, permits, licenses or any other document which are essential for the clearance of the goods or for availing any duty exemption. After goods registration is done in the system, the Customs Officer at the docks will check the marks and numbers of the consignment (or seal number in the case of FCL containers) and send the BE for Out of Charge after collecting all the necessary documents. A small percentage of Bills of entry filed by the accredited clients will be selected by the system for assessment or examination, either on random basis or on the basis of certain criteria fixed in the system.

7. **Bond management:** The RMS will not alter the existing process and movement of Bill of Entry in the ICES but for the abolition of the concurrent audit and changes in Bond management. Importers/CHAs filing Bs/E shall note the following

- a. **Bond Details:** For B/Es filed, the importer/CHA has to specify the running EDI bond number, if any, at the time of filing a B/E. The Bond debits will be system driven. The existing system of approval of the quantum of bond debit during assessment will be dispensed with. In view of this, it is advisable that the importer / CHA should get their bonds registered in the Bonds section before filing BE and procure a bond number. In all those cases where running bonds are not available at the time of filing the BE, the importer/CHA must go to the Bond Section soon after the BE is assessed either by the system or the Officers for bond debits. This will apply to all types of bonds like warehouse, end use, re-export, provisional duty et al.
- b. **SVB Issues:** Wherever there is a relationship between the importer and the supplier, CHA/Importer must indicate this in the relevant column in the Annexure filed at the Service Center / ICEGATE. SVB File number, Name of the Custom House, details of SVB loading like load on duty/value/both and whether loading is provisional or final should be submitted properly in the annexure to the BE. The ICES will assess the BE provisionally/finally based on this indication. Failure to indicate valid SVB details in the annexure would lead to non facilitation.
- c. **Undertaking:** If there is any undertaking to be given by the Importer for availing any notification claimed in the BE, it is advisable that details of such undertaking be given at the time of filing the annexure itself.
- d. **Central Excise Certificates:** In case the goods to be cleared are covered by Customs (Import of Goods at Concessional Rate of Duty for Manufacture of Excisable Goods) Rules, 1996, the importer/CHA, must indicate the details of such certificates in the annexure to the BE.
- e. **Miscellaneous Certificates:** For availing specific notification benefit, the Importer is required to submit certain Customs Duty exemption certificates from designated authorities like Directorate General of Hydrocarbons, Directorate of Health services, Ministry of Defence, et al. Importers must mention the details of all such certificates in the Annexure to the BE while filing at the ICEGATE/Service centre.

*It may please be noted that goods registration cannot be done without proper debit of bonds. As regards undertakings, certificates etc., either the appraising officer in the group or the Out of charge officer will verify the documents physically, depending upon the facilitation extended to the BE. For expeditious clearance of goods, it is necessary that the importer /CHA is equipped to comply with all the bond - related requirements before filing the BE and relevant details are given in the annexure filed at ICEGATE/Service centre to avoid any undue delays..*

8. **Amendments in BE and IGM:** The existing procedure for amendments in the ICES will continue. Whenever the importer/CHA desires to seek an amendment to a Bill of entry, even if such a BE is not selected for action, the Group AC/DC and the group AO should be contacted.

9. **Assessment of BE:** Bills of Entry selected by the RMS for assessment will be sent to Appraising group. Present assessment process in ICES will continue except with the change that concurrent audit will be abolished and replaced by Post Clearance Audit

(PCA). The instruction for assessment given by the RMS will be followed by the group. The Compulsory Compliance Requirements (CCRs) suggested by the RMS will be examined by the Group. The Appraiser in the group will give examination order in the system. The existing query module in EDI will continue.

**10. Compulsory Compliance requirements:** 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. For each customs tariff head mentioned in the B/E, requirements under each of the Allied Acts (including the Foreign Trade Policy) are printed on the BE. In addition to the CCRs which are CTH specific, the RMS prints the list of crucial documents/Certificates/Undertakings etc to be collected for each exemption notifications claimed in the BE. Importers and CHA's are advised to study the Allied Acts and Notifications and prepare the necessary documentation before filing B/E. The following list is indicative of the Allied Acts covered:

- FOREIGN TRADE (DEVELOPMENT AND REGULATION) ACT 1992 & FOREIGN TRADE POLICY
- THE LIVE STOCK IMPORTATION ACT, 1968
- THE INDIAN WILDLIFE (PROTECTION) ACT, 1973
- THE INSECTICIDE ACT, 1968
- THE **C I T E S** (CONSERVATION OF INTERNATIONAL TRADE IN ENDANGERED SPECIES OF WILD FAUNA & FLORA )
- THE BREAST MILK SUBSTITUTES (ADVERTISEMENT & LABELLING) ACT, 1982
- THE DESTRUCTIVE INSECTS AND PESTS ACT, 1914.
- THE PLANT QUARANTINE ORDER 2003
- THE PLANTS, FRUITS AND SEEDS (REGULATION OF IMPORT INTO INDIA) ORDER, 1989
- THE PREVENTION OF FOOD ADULTERATION ACT,1954 AND RULES, 1955
- THE DRUGS & COSMETICS ACT,1940
- THE DRUG AND MAGIC REMEDIES(OBJECTIONABLE ADVERTISEMENTS) ACT,1954
- THE NARCOTICS DRUGS AND PSYCHOTROPIC SUBSTANCES ACT, 1988
- THE ATOMIC ENERGY ACT,1962;
- THE ARMS ACT, 1959.
- THE EXPLOSIVE ACT,1884 AND RULES 1983
- THE GAS CYLINDER RULES,1981 AND S & MPV(UNFIRED) RULES,1981
- THE ENVIRONMENT (PROTECTION) ACT,1986 AND RULES,1986
- THE OZONE DEPLETING SUBSTANCES(REGULATION AND CONTROL) RULES, 2000
- BATTERY (MANAGEMENT AND HANDLING) RULES 2000
- THE MOTOR VEHICLES ACT,1988
- STANDARDS OF WEIGHTS AND MEASURES ACT, 1976
- THE BUREAU OF INDIAN STANDARDS ACT,1986 AND RULES, 1987
- APPLICABILITY OF **B.I.S.** AS PER DGFT NOTIFICATION NO.44(RE)2000
- THE COPYRIGHT ACT,1957,RULES,1958
- THE INFORMATION TECHNOLOGY ACT,2000
- THE PATENTS ACT,1970 AND RULES,1972
- THE TRADE MARKS ACT,1999

The above list is illustrative and not exhaustive. In order to get full benefit of reduction in dwell time, it is advisable for the importers/CHAs to ensure that the required documentation is meticulously prepared and kept ready when the B/E is filed.

11. **Examination and out of Charge:** Based on the RMS output a Bill of entry may be sent for examination alone without any assessment. Such bills of entry will be examined by the officers based on the system examination order and suggested CCRs. All other bills selected for examination will be processed as per the examination order given by the Group and the instructions given by RMS along with the suggested CCRs. The system of goods registration followed by examination and out of charge will continue. In the case of bills of entry which are not selected for examination, the officers will inspect only the marks and numbers, or seal number of the container and integrity of the seal as the case may be, and proceed to give out of charge after the Importer/CHA complies with the CCRs and produces the required documents. In case of Ex-bond Bills of Entry, the OOC will be given by Superintendent (Bond Section).

12. **Document submission:** It is essential that all the documents are submitted to the proper officer (AO/Superintendent) before getting Out of Charge to the goods. In addition to the documents required for CCRs, the following documents where-ever applicable shall be submitted by the CHA/Importer and docketed after affixing the signature on each of them.

- i. The Customs copy of the B/E [First Check/ Finally Assessed] along with the TR6 challan.
- ii. Copy of the BL and HBL, as the case may be.
- iii. Copy of invoice& packing list
- iv. B/E declaration with GATT declaration duly signed by the importer / CHA
- v. COO Certificate, wherever required.
- vi. Copies of Duty Exemption Certificates or any other document essential in granting exemption benefit for any notification in the B/E.
- vii. Technical write-up, product literature, catalogue, manual, analytical reports, CE certificates etc (depending on the item of import and the periodicity of such imports by the same importer, the Importer may be asked to give a copy of these documents else, the BE No and Date with which such documents were already given shall be mentioned).
- viii. Copy of the Purchase Order, Contract, Sale Agreement
- ix. Copy of the Letter of Credit,
- x. NOC from ADC
- xi. Copy of Delivery Order
- xii. Copy of Bond /Undertaking if any,

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 OOC officer and the representative of the CHA/Importer.

In case of Ex-bond Bill of Entry, the docket should be handed over to the Superintendent (Bond Section).

13. **Post Clearance Audit (PCA):** The existing system of concurrent audit shall be 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 selection for PCA will be done by the RMS. The bills of entry selected for this purpose will be processed for PCA in ICES. The officers posted in the PCA section will verify the compliance from the documents selected by the RMS. The officers will scrutinize the on screen data and may also look at the

documents submitted by the Importer/CHA at the time of out of charge. The demand note on account of any short levy will be raised by the PCA section with the prior approval of the Additional/Joint Commissioner (Audit). Barring cases requiring detailed investigation, in all cases the department will issue a consultative letter to the importer where a potential short levy is discovered during audit. The consultative letter will set out the grounds for the auditor's view in the matter and seek the importer's response thereto. In the event, the department's view is acceptable to the importer; he may pay the duty difference voluntarily. In case there is no agreement, the formal processes of demand notices, adjudication etc., would follow. Undue delay in responding to the Consultative Letter may lead to non-facilitation (in any case within 30 days).

14. **DATA Quality:** The RMS is designed in a manner whereby Importers/CHAs giving proper data in the BE filed will be facilitated. The system identifies the shortcomings in any Bill of Entry 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 bill of entry is complete and accurate. Where data quality is found deficient, the Importers/CHAs would be advised to make improvements in their submissions. The stress is on self assessment of the bill of entry which will be processed by the system based on declaration and if found compliant, such Bills may be sent to out of charge without any action i.e. assessment or examination. 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 importers/CHA's that they have suitable mechanisms in place to ensure that their declarations are accurate, sufficient and factually correct. **While all the fields in the bills of entry must be meticulously filled, particular attention must be paid to ensure that the following details for every item in a Bill of entry are precise, complete and unambiguous.**

1. Applicable Customs Tariff Heading.
2. Applicable Central Excise Tariff Heading.
3. Item Description.
4. Generic description.
5. Manufacturer's name.
6. Model
7. Brand
8. Country of Origin.
9. Port Of Shipment
10. Number of units.
11. Unit quantity code.
12. Unit price

Any mis-declaration in the BE will be viewed seriously and Importer/ CHA will be penalized according to the Law.

15. **Re-imports:** All bills of entry wherein either one or more items are imported on re-imports basis claiming any related notification, it is hereby advised to file a bill of entry seeking first check to verify identity of the goods. Importer should enter proper text in the designated field while seeking first check. System will send all such bills to officers concerned with relevant instructions.

16. **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. Advance filing of documents will also enable quicker clearance of goods. Importers/CHAs are further advised to use the Digital Signatures while filing their documents in ICES, to avoid misuse by imposters. Please visit <http://www.icert.gov.in/> to see more on digital signatures.

17. 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 Ch. Venkat Reddy, Additional Commissioner SIIB- Imp and Local Risk Manager  
Address: N-5, Town Centre, CIDCO, Aurangabad.

Telephone No: 0240-2486894

E-mail: [ch.reddy@icegate.gov.in](mailto:ch.reddy@icegate.gov.in)

Shri. Virendra Kumar, Additional Commissioner of Customs

Telephone No: 0240-2480805

E-mail: [virendra1.kumar@icegate.gov.in](mailto:virendra1.kumar@icegate.gov.in)

Shri. Sumesh Rajurkar, Superintendent (EDI),

Phone No. 0240-2486883

E-Mail: [sumesh.rajurkar@icegate.gov.in](mailto:sumesh.rajurkar@icegate.gov.in)

Sd/-30.3.2011

(Madhu Mohan Damodhar)  
Commissioner,  
Central Excise and Customs,  
Aurangabad.

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