CIRCULAR NO. 56/2004-Cus
18th October, 2004

F.No.450/108/2004-CUS-IV
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise& Customs

Subject:- Clearance of imported metal scraps - Procedure regarding.

I am directed to say that till date following Circulars/instructions have been issued relating to the procedure for clearance of **imported metal scrap**, namely:-

(i) 43/95-Cus.dated 26.4.1995

(ii) 46/97-Cus. dated 6.10.1997

(iii) Chairman's letter D.O.F. No. L-6390/CH(EC)/2004 dated 11.10.2004

2. The whole issue has since been reviewed in the background of the recent explosion at the premises of a scrap importer at Ghaziabad resulting in the death of ten persons. Consultations have been held with the concerned Ministries, namely Commerce & Industry, Home, Shipping, Steel and External Affairs. Discussions have also taken place between the concerned Trade Associations and the Government of India. Keeping all these aspects in mind, and in supersession of all existing instructions on the subject, it has been decided to follow the following procedure for clearance of imported metal scrap(both ferrous and non-ferrous).

3. The metal scrap may be divided in **two categories**, namely:-

(i) **Category-1**:- Scrap which has already landed in India and that which has left its port of origin on or before **25.10.2004**, and which has not yet been cleared from a customs port, ICD/CFS or LCS,

(ii) **Category-2**:- Scrap which is to be loaded for shipment to India after 25.10.2004.

4. In respect of **Category-1** the following procedure will be followed:-

(i) Metal scrap would be cleared after 100% physical examination. Depending upon the congestion at the Port/ICD, the availability of manpower and the antecedents of the importer, the concerned Commissioner of Customs or Commissioner of Central Excise, as the case may be, may permit the importer to remove the sealed container at his own risk and cost to his factory premises under re-warehousing procedure. The Central excise officer having jurisdiction over the manufacturer-importer would ensure 100% physical examination of the consignment. Thereafter, the re-warehousing certificate will be sent back to the port/ICD of clearance for reconciliation. The local Central Excise Officer may requisition the services of the local police for their advice/guidance or presence during the physical examination of the scrap. The cost, if any for requisitioning the services of the police or para-military forces would be borne by the importer-manufacturer. The Ministry of Home Affairs have already written to the Chief Secretaries/Home Secretaries of all States and UTs vide their fax message **No. I.11034/18/04-IS.IV dated 15.10.2004** (copy enclosed), to provide necessary police assistance to Customs as and when requested. This facility of examination at the importer's premises will not be available to traders.

(ii) Similar procedure will be followed for examination of metal scrap consignments at the ports/ICDs/CFSs/LCSs where it is decided to do the examination at the

port/ICD/CFS/LCS itself instead of allowing it to be done at the manufacturer-importer's premises.

5. As regards **Category-2**, i.e. **future imports** of metal scrap, the following procedure will be followed, namely:-

(i) Import of metal scrap in **shredded form** will be permitted through all ports/ICDs/CFSs/LCSs **without any pre- shipment inspection certificate.**

(ii) **Import and clearance** of metal scrap in **unshredded, compressed or loose form** would be permitted only at the following customs stations. Such consignments need not be shifted to the premises of the importer (except for EOU and SEZ units).Efforts should be made, with the help of port authorities/custodians, to identify and segregate an open area for storage and examination of metal scraps at these customs stations.:-

1.Chennai,

2. Cochin,

3. Ennore,

4. JNPT,

5. Kandla,

6. Mormugao,

7. Mumbai,

8. New Mangalore,

9. Paradip,

10.Tutirocin,

11. Vishakhapatnam,

12. ICD, Tughlakabad, New Delhi,

13. Pipava,

14. Mundra, and

15. Kolkatta.

IndiaCode

(iii) In all future cases, metal scraps in **unshredded, compressed or loose form** will have to be accompanied with a pre-shipment inspection certificate as per format in Annexure-1 to Appendix- 8 from any of the Inspection and Certification Agencies given in Appendix-28 of the Handbook of Procedures (Vol.II). It may be noted that for such scrap in unshredded, compressed or loose form, this pre-shipment certificate will be required irrespective of the fact whether or not the consignment has originated from a country affected by war or rebellion.

(iv) In respect of metal scrap in unshredded, compressed or loose form accompanied by a pre-shipment inspection certificate as detailed in clause (iii) above, examination will be 25% of the containers in respect of manufacturer-importers and 50% in respect of traders, for each import consignment, subject to examination of a minimum of one container. The container selected will be examined 100%. Where EDI is operational with Risk Management Module (RMM), the percentage of examination will be determined by the RMM.

(v) For metal scrap in unshredded, compressed or loose form imported in future if not accompanied by the prescribed pre-shipment inspection certificate, will be subject to 100% examination apart from **stringent** penal action for violation of provisions of the Foreign

Trade Policy .The examination may be done in the presence of police authorities, if considered necessary by the Commissioner, at the risk & cost of the importer.

(vi) For scrap imported in shredded form examination may be limited to 10% of the consignment subject to examination of minimum one container. The container so identified should be examined 100%.

6. In respect of metal scrap consignments meant for EOUs and SEZ units the existing procedure may continue subject to 100% examination at the premises of the EOU or the SEZ unit, in the presence of police authorities, if considered necessary by the proper officer. Imports of scrap in unshredded, compressed or loose form (after 25.10.2004) will, however, be allowed for EOU/SEZ units only through the above 15 customs stations .

7. It will also be the responsibility of the shipping line to henceforth ensure that every consignment of metal scrap in unshredded, compressed or loose form is accompanied by such a pre-shipment inspection certificate before it is loaded on the ship. Failure to observe this precaution would invite penal action for abetment regarding irregular import of metal scrap.

8. The DGFT has since amended para 2.32 of the Handbook of Procedure (Volume-I) vide their Public Notice No.16/2004-09 dated 15.10.2004.

9. It may be noted that under the Home Ministry's fax message dated 15.10.2004 the State Governments have also been advised to give 15 days grace period to the importers and factory owners to voluntarily declare the existence/discovery of any shells/explosives in the metal scrap lying in their premises.

10. These instructions may be implemented forthwith to ensure quick evacuation/clearance of consignments of metal scrap lying at various customs stations.

11. The difficulties, if any, in implementing these procedures, should immediately be brought to the notice of the Board.

12. The above guidelines may be brought to the notice of the Trade immediately through appropriate Public Notice/Trade Notice.

13. Receipt of this Circular may kindly be acknowledged.

14. Hindi version will follow.

D.S. Garbyal
Under Secretary to the Government of India
Phone No.23094182