**Circular No. 23/2013 - Customs**

F.No.450/28/2011-Cus.IV
Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and Customs
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New Delhi, Dated 24th June, 2013

To
All Chief Commissioners of Customs/Customs (Prev)
All Chief Commissisoner of Customs and Central Excise
All Commissioners of Customs/Customs (Prev)
All Commissioners of Customs and Central Excise
All Director Generals under CBEC

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Sir/Madam

**Sub: Introduction of Risk Management Systems (RMS) in Exports – regarding.**

Attention is invited to the Board Circular No.43/2005-Cus dated 24.11.2005 whereby Risk Management System (RMS) was introduced in Imports as a trade facilitation measure and for selective interdiction of high risk consignments for Customs control.

2. Implementation of RMS in Imports has been one of the most significant steps in the ongoing Business Process Re-engineering initiative of the department. In continuation of this initiative, the Board has now decided to introduce RMS in exports in Customs locations where the Indian Customs EDI Systems (ICES) is operational. The RMS in exports will enable low risk consignments to be cleared based on 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. 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 is scheduled for implementation from 15.07.2013 onwards.

3. 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 control over export under the applicable Allied Acts and Rules.

4 With the introduction of the RMS in exports, the present practice of routine verification of self-assessment and examination of Shipping Bills will be discontinued

and the focus will be on quality assessment, examination and post clearance audit (PCA) of Shipping Bills selected by the Risk Management System.

5. Shipping Bills filed electronically into 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. 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 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 be followed by the field formations. It is possible that in a few cases, the field formations might decide to apply a particular treatment to the Shipping Bill which is at variance with the instructions received for the RMS owing 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 authorised by him for this purpose, who shall not be below the rank of Addl./Joint Commissioner of Customs, and after recording the reason for the same. A brief remark on the reasons and particulars of Commissioner's authorization should be made by the officer examining the goods in the departmental comments in the EDI system.

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6. Board has decided to implement RMS in export in two phases. In the first phase the RMS will process the data and provide the output to ICES only up to goods examination stage. In the second phase, the RMS will also process the Shipping Bill data after the Export general Manifest (EGM) is filed electronically and provide output to ICES for selection of shipping Bills for Drawback scrutiny and Post Clearance Audit (PCA).

7. With the implementation 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. It may be noted that the auditors are specifically being instructed to scrutinize declarations with reference to exports incentives, duty drawback and other compliance requirements Wherever necessary, RMS will provide instructions for audit Officers. In case any possible short levies or undue claim of export incentives are noticed, the officer will issue a Consultative Letter setting out the ground 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 advise is expected to be followed and will be monitored by the Local Risk Managers (LRM).

8 As in the case of Import, the national management of the Risk Management systems shall be the responsibility of the Risk Management Division. There will be a single Local Risk Manager (Admin) for a location for both import and export.

9. The implementation of RMS for exports will necessitate reorganization for staff. Board desires the Chief Commissisoner of Customs to undertake a comprehensive re-organization of the officers deployed for processing of Shipping Bills. The present appraising facilities should be right-sized in tune with the quantum of Shipping Bills coming for assessment. A separate PCA section needs to be created and sufficient staff should be diverted to the Post Clearance Audit. The strength of the staff for examination of cargo would also be required to be readjusted.

10. With the introduction of RMS in exports, the selection of Shipping Bills for verification of Self-assessment and/or examination will be based on the output given by RMS to ICES. Accordingly the examination and assessment norms contained in the Board's Circulars No. 06/2002 –Cus dated 23.01.2002, 01/2009-Cus dated 13.01.2009 and 28/2012-Customs dated 16.11.2012 would stand modified to that extent. However, owing to some technical reasons if the RMS fails to provide output to ICES or RMS output is not received at ICES end in time, the existing norms of assessment and examination prescribed by the aforementioned circulars will be applicable.

11. To begin with, RMS in Exports will be introduced w.e.f. **15.7.2013** at ICD Mulund and ICD Patparganj. With the implementation of RMS in exports the existing facilitation scheme viz. Accelerated Clearance System vide Circular No.30/2003-Cus dated 4.4.2003. would be phased out. As the deployment of the export RMS is likely to take place in a phased manner across the ICES locations, the existing facilitation scheme will continue to be operative in each Customs station until the operationalisation of the export RMS at the station.

12. Board desires DG (Systems) to forward the detailed instruction/draft public notice to field formation separately.

13. Any difficulty in implementation of these instructions should be brought notice of the Board immediately.

Yours faithfully,

( R.P. Singh )
Director (Customs)