

## Circular No. 42/2005-Cus

F.No.450/66/2005-Cus.IV  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

New Delhi, November 24th, 2005

To,

All Chief Commissioner of Customs,  
All Chief Commissioner of Central Excise,  
All Chief Commissioner of Customs & Central Excise,  
Director General, Directorate of Revenue Intelligence,  
webmaster@cbec.gov.in

Sir,

**Subject: Introduction of Accredited Clients Programme (ACP)- regarding-**

I am directed to invite your attention to Board's circular letter F.No.450/30/2003-Cus-IV dated 4th April, 2003 on Self Assessment Scheme for Accelerated Clearance of Import/Export Cargo and Board's Circulars issued vide F. No. 446/ 5/ 97- CUS.IV No. 63/97-Cus dated 21/11/97 on Fast Track Clearance. An Inter Ministerial Group (IMG) headed by Secretary (Revenue) consisting of representatives from Ministry of Shipping, Ministry of Commerce, Planning Commission besides CBEC, deliberated on the issue of internationally accepted method of assessing various types of cargo and prescribing procedure for efficient Customs clearance. IMG recommended to Introduce Risk Management System (RMS) as a measure of trade facilitation and for selective screening of only high risk cargo for customs examination. Such systems should provide for a special customs clearance procedure for authorized persons (Accredited Clients) having good track record and who meet specified criteria identified by the Customs.

**2.** Accordingly, the Board has decided to introduce the **Risk Management System (RMS)** with the **“Accredited Client’s Programme” (ACP)** as its major component. The objective of the programme is to grant assured facilitation to importers who have demonstrated capacity and willingness to comply with the laws Customs department is required to implement. With the implementation of the Risk Management System, this programme will replace all existing schemes for facilitation in the sites where RMS is implemented. The RMS is scheduled for implementation from November, 2005 onwards in a phased manner, beginning with the Air Cargo Complex, Sahar, Mumbai. The dates for implementation would be announced separately.

3. The goal of the Risk Management System (RMS) is to enable the department to strike an appropriate balance between trade facilitation and enforcement. Under the RMS, Bills of Entry filed by importers in the Indian Customs EDI System will be processed for risk and a larger number of consignments will be allowed clearance based on the importer's self assessment without examination, after checking the marks and numbers on the packages or in the case of Full Container Load (FCL Cargo), the container numbers and seals, and after taking over the relevant documents from the importers. Other consignments would be selected for Appraisal or Examination or both depending on the evaluation of risk by the RMS.

4. Upon introduction of RMS, Concurrent Audit shall be replaced by Post Clearance Audit for all importers. Post Clearance Audit will be carried out on Bills of Entry selected by the Risk Management System.

5. Importers registered by the department as "Accredited Clients" under the Accredited Clients Programme will form a separate category to which assured facilitation would be provided. Except for a small percentage of consignments selected on a random basis by the RMS, or cases where specific intelligence is available or where a specifically observed pattern of non-compliance is required to be addressed, the Accredited Clients will be allowed clearance on the basis of self assessment i.e. as a matter of course, clearance would be allowed on the basis of their declarations, and without examination of goods. Further, this benefit would be available to the registered Accredited Clients at all the ports in the country where EDI and the RMS are operational. It is expected that this measure will bring about drastic reduction in the dwell time of cargo and transaction costs for such importers.

6. Considering the likely volumes of cargo that would be imported by the Accredited Clients, Custom Houses may create separately earmarked facility/counters for providing customs clearance service to the Accredited Clients. 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. Further IMG has also recommended 'faster delivery system by creating separate area in the port premises clearly earmarked for immediate delivery of cargo to specified accredited importers'. The matter should be taken up with port authorities for having a 'separate area' for accredited importers.

7. The importers desirous of availing the facility as "Accredited Clients" are required to apply for registration under the scheme using the Application form attached at Annex – 1. Importers meeting the following criteria shall be the eligible under the Accredited Clients Program:

- (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 of Customs duty in the previous financial year;

or, in the case of importers who are also Central Excise assesseees, paid Central Excise Duties over Rs. One Crore from the Personal Ledger Account in the previous financial year.

- (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 booked against them in the previous three financial years. Cases booked would imply that there should be at least a show cause notice, invoking penal provisions, issued to an importer.
- (iv) They should also 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 submitted by them 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 as per format given in the Application form.

For qualifying for the ACP, the applicants will have to satisfy any one of the criteria set out at serial number (i) and all the other criteria set out above. Further, the accreditation would initially be valid for a period of one year and would be renewable thereafter upon a review of the compliance record of the Accredited Client.

**8.** The Board is shortly establishing the '**Risk Management Division**' in the Directorate General of Systems, which will inter alia be administering the Accredited Clients Program. The list of Accredited Clients will be maintained centrally in the Risk Management System. Pending the establishment of the division, the importers may apply to the Commissioners in charge of the ports through which they import goods. The Commissioners will, after scrutiny of the applications, forward them to RMS project team in the Directorate of Systems with their recommendations.

**9.** The importers who have been granted the status of Accredited Clients will be required to maintain high levels of compliance. It will be closely monitored by the Risk Management Division in co-ordination with the Commissioners of Customs and where compliance levels fall, the importer will first be informed for improvement. In case of persistent non compliance, the importer may be deregistered under the Accredited Client's Program.

**10.** In order to ensure that there is no misuse of the program by imposters (persons who assume the Accredited Client's name and identity), it would be mandatory for the accredited clients under the ACP to file bills of entry using digital signatures. Therefore, importers are advised to obtain Digital Signature Certificates being issued by CBEC. Where the Accredited Clients are filing their documents through their Custom House Agents, they must advise their Custom House Agents to file their bills of entry using digital signatures granted to them by the department. For obtaining Digital Signature Certificates, the trade may visit the site at [www.icert.gov.in](http://www.icert.gov.in).

**11.** Additionally, all bills of entry must be filed by Accredited Clients through the ICEGATE facility and duty in respect of these consignments must be paid through such Clients' bank account at the designated bank.

**12.** Initially, this scheme will be launched for Imports at Air Cargo Complex, Sahar where the RMS roll out is likely to commence in the month of November 2005. This would be followed by the progressive roll out of the RMS at other locations where EDI is operational. The importers who are registered as Accredited Clients under the ACP scheme would get its benefits at all the locations where RMS is operationalised. To facilitate migration of the eligible importers to the new scheme, it has been decided that its benefits would be automatically extended to importers who are availing of any of the existing facilitation schemes for a period of three months. This is to enable such importers to apply for the Accredited Clients Programme and get registered under it. It is also clarified that the existing schemes for facilitation would continue at each of the EDI sites till the RMS is implemented at that site.

**13.** Detailed instructions as regards the other aspects of the Risk Management System will follow.

**14.** The details of the ACP scheme along with the Application Package are available at [www.cbec.gov.in](http://www.cbec.gov.in) and [www.icegate.gov.in](http://www.icegate.gov.in). Wide publicity may be given to this scheme through the recognized trade bodies and chambers of commerce.

**15.** Receipt of this Circular may be acknowledged.

**16.** Hindi version will follow.

Yours faithfully

Sd-

(Anupam Prakash)

Under Secretary to the Government of India

Phone No.23094182

Copy to:

1. PS to Chairman (E&C),
2. All Members, CBEC
3. CDR,CESTAT
4. All Directorates, CBEC
5. All Commissioners, CBEC
6. All Joint Secretaries/Directors/Deputy Secretaries, CBEC
7. All Under Secretaries/STOs/TOs,CBEC
8. Guard file.

Sd-  
(Anupam Prakash)  
Under Secretary to the Government of India

## Annexure-1

### Application form for Accredited Clients Programme:

(Please refer to Para 7 of the Circular)

S.No.	
1	Name of the Importer
2	PAN based BIN [Self Attested copy of PAN number to be attached with Application form]
3	IEC
4	Date of Issue of IEC
5	State whether a Manufacturer or Trader with details of major items Manufactured and/or imported
6	Constitution of business. Proprietorship, Partnership Registered Co. Unregistered Co. Trust Society Others
7	Bank Account Details with Account No & Name of the Bank, Address and date since operated.
8	History of the Importer. Whether any business was owned by the importer in the past, if so previous PAN, IE Code, Central Excise Registration Number, with all details including address, telephone number, fax no, Email Address.
9	Do you possess any Quality Accreditations such as ISO? If yes, please specify the particulars.

S.No.	
10	Have you implemented any ERP solutions for your accounting, inventory control and logistics? If yes, please specify the package.
11	Mention your Joint Venture partners, if any with details i.e Address, Telephone, Fax, E-Mail.
12	Corporate Address City State PIN Telephone No FAX Number Email Address
13	Managing Director / Chief Executive officer Name Address PAN No  Telephone Fax E-mail Address
14	Directors/Partners Name Address PAN  Telephone Fax E-mail Address
15	Are the Managing Directors and Directors of the applicant Company listed as directors of any other Company? If yes, please furnish the particulars.

S.No.	
<p>16 Name of the Department(s) handling Customs matters Name(s) of the person(s) in charge Address Telephone Fax E-mail Address (Port wise details to be furnished if applicable)</p>	
<p>17 List of Outsourced activities relating to Customs and respective firms/persons (Inland transporters, logistics, freight forwarders etc.,) Name of the firm: Activity: Address: Telephone: Email Address:</p>	
<p>18 List of Custom House Agents employed at each port, with date(s) of appointment of the CHA. CHA Name: Port: CHA address: Phone: Email address:</p>	
<p>19 Customs Special Valuation Branch [SVB] Registration Number, if any, with details including that of last review by the Custom House</p>	
<p>20 Central Excise registration No(s) Date of Issue Commissionerate Division Range</p>	

**S.No.**

- 21 Service Tax Registration No  
Date of Issue  
Commissionerate  
Division  
Range
- 22 No of Bills of Entry filed at each port in the previous financial year. Please furnish the details port-wise.
- 23 Value of Imports at each port and total duty paid in the previous financial year.
- 24 Details of disputes pending with the Customs (pl attach a brief about each dispute from the Company's perspective)
- 25 Has the applicant been penalized under Customs Act/Central Excise Act/ Service Tax and/or any other enactments implemented by the Customs department, in the previous 3 financial years?  
If Yes, Details of the connected Show cause notice (s), adjudication order(s) etc. may be furnished, along with the present position of the cases, if pending in Appellate or Judicial forums.
- 26 Have the Managing Director or any of the Directors been penalized under Customs Act or Central Excise Act/Service Tax enactment?  
Details, if yes
- 27 Are you enjoying Green Channel/Fast Track facility at any port today? If yes then list the ports and the date(s) from which the facility is being availed of.

S.No.	
28	Name and designation of the Authorized Signatory PAN No of Authorized signatory Address Telephone No FAX number Email Address

**Declaration:**

1. I/We hereby affirm that the particulars furnished above have been verified from my/our internal records and are true and complete disclosures. I/We accept that any discrepancy noticed by the department may debar us at the threshold or at any stage thereafter from obtaining/continuing with the Accredited Client Status. Any change in the said particulars will be intimated to the Commissioner of Customs within a fortnight of such being occasioned.
2. I/We understand that the Accredited Client status which may be conferred on us is an expression of the Customs department's trust in my/our ability and willingness to comply with the Acts, Rules, Regulations and policies that the Customs department is required to implement.
3. I/We have understood the conditions listed in the Accredited Client Program document for continued enjoyment of the status and undertake to abide by them. We also understand that waiver of examination of our documents or goods cannot be claimed as a legal right by me/us in every instance.
4. I/We are willing to align our systems with the requirements of the Customs department and incur reasonable expenditure on such initiatives.
5. I/We accept that the decision of the Customs department in any matter concerning grant, revocation or curtailment of the Accredited Client status will be final and binding on me/us.

Date:

Place:

**Authorized Signatory**

**Name  
Designation**

## **Format of Auditor's/Chartered accountant's certificate to be submitted by ACP Applicants.**

(Please refer to Para 7 (vii) of the Circular)

This is to certify that we have gone through the accounts maintained by Messrs. \_\_\_\_\_ [Importer] and do hereby certify that the accounting systems followed by Messrs. \_\_\_\_\_ [Importer] conform to the accounting standards prescribed by the Institute of Chartered Accounts of India. We also certify that the systems of \_\_\_\_\_ [Importer] provide for maintenance of records relating to the receipt, usage and disposal of imported goods for at least a period of five years from the date of import.

We also certify that the Messrs. \_\_\_\_\_ [Importer] have/have not implemented ERP based solutions for their accounts and inventory management systems.

**Signature of Authorized signatory  
Statutory Auditor /Chartered Accountant**

## Circular No. 43/2005-Cus

F.No.450/66/2004-CUS-IV  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

New Delhi, November 24th, 2005

To,

All Chief Commissioner of Customs,  
All Chief Commissioner of Central Excise,  
All Chief Commissioner of Customs & Central Excise,  
Director General, Directorate of Revenue Intelligence,  
webmaster@cbec.gov.in

Sir,

### **Subject: Introduction of Risk Management System (RMS) in Imports- regarding-**

Attention is invited to the Board's circular letter F.No.450/30/2003-Cus-IV dated 4th April, 2003 on Self Assessment Scheme for Accelerated Clearance of Import/Export Cargo and Board's Circular No. 42/2005-Cus dated 24.11.05 on Accredited Clients Program. An Inter Ministerial Group (IMG) headed by Secretary (Revenue) consisting of representatives from Ministry of Shipping, Ministry of Commerce, Planning Commission besides CBEC, recommended to Introduce Risk Management System (RMS) as a measure of trade facilitation and for selective screening of only high risk cargo for customs examination. Such systems should provide for a special customs clearance procedure for authorized persons (Accredited Clients) having good track record and who meet specified criteria identified by the Customs.

2. The Board has decided to introduce the 'Risk Management System' (RMS) in major Customs locations where the Indian Customs EDI System (ICES) is operational. The implementation of the RMS is one of the most significant steps in the ongoing Business Process Re-engineering initiatives of the Customs and Central Excise Department.
3. The ever increasing volumes and complexity of international trade and the deteriorating global security scenario present formidable challenges to Customs. The exponential growth in trade volumes means that the traditional approach of scrutinizing every document and examining every consignment

will simply not work, as it would neither be desirable nor possible to constantly increase the resources with the increasing workload. Also, there is a need to reduce the dwell-time of cargo at the ports and airports and to reduce the transaction costs in order to enhance the competitiveness of Indian businesses, by expediting release of cargo where compliance is high. This necessitates that the department should be selective in its approach to deployment of its resources. The advances in Information Technology offer an opportunity to address these challenges faced by the department by putting in place an effective risk management system. The primary objective of the Risk Management System, therefore, is to strike an optimal balance between facilitation and enforcement and to promote a culture of compliance. It is intended to improve the management of the resources of the department to enhance the efficiency and effectiveness in meeting stakeholder expectations and to bring the Customs processes at par with the best international practices.

4. 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 Bills of Entry selected by the Risk Management System.

5. Bills of Entry and IGMs filed electronically into ICES through the Service Centre or the ICEGATE will be transmitted by ICES to the RMS. The RMS will process the data through a series of steps and produce an electronic output for the ICES. This output will determine whether the Bill of Entry will be taken-up for action (appraisal 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 will provide instructions for Appraising Officer, Examining Officer or the Out-of-Charge Officer. It needs to be noted that the decisions communicated by the RMS on the need for assessment and/or examination and the appraising and examination instructions communicated by the RMS have to 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 BE which is at variance with the decision received from 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 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 in the EDI system.

6. 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 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 setting out 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 being 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 and will be monitored by the local risk managers. 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. The Importers/CHAs are urged to co-operate in the department's efforts in this direction.

- 7.** The national management of the Risk Management System shall be the responsibility of the Risk Management Division, being established under the Directorate General of Systems. There will be a local Risk Management System catering to the needs of the Custom Houses. The local Risk Management System will carry out the live processing of the Bills of Entry and Import General Manifests etc. The Commissioners of Customs are required to appoint the administrator for the 'Local Risk Management System' at the level of the Joint/Additional Commissioner for assigning user privileges on the Local Risk Management System.
- 8.** The implementation of RMS will necessitate reorganization of staff. Custom Houses are required to undertake a comprehensive re-organization of the officers deployed for processing Bills of Entry. The present appraising facilities should be right-sized in tune with the reduced quantum of Bills of entry coming for assessment. Such 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.
- 9.** The existing facilitation schemes viz., the Self-assessment scheme, Fast track / green channel scheme, Accelerated customs clearance schemes etc., would be phased out with the implementation of the RMS and the Accredited Clients Programme. As the deployment of the RMS is likely to take place in phased manner across the ICES locations, the existing facilitation schemes will continue to be operative in each Customs station until the operationalisation of the RMS at that station.
- 10.** NACEN will support the RMD in conducting the necessary training of the officers for running and managing the RMS at the ICES locations.
- 11.** Detailed draft Public Notices, Standing Orders and Instruction Manuals will be forwarded by the DG (Systems) separately.

12. Receipt of this circular may please be acknowledged.

13. Hindi version will follow.

Yours faithfully

Sd-

(Anupam Prakash)

Under Secretary to the Government of India

Phone No.23094182

Copy to:

1. PS to Chairman (E&C),
2. All Members, CBEC
3. CDR,CESTAT
4. All Directorates, CBEC
5. All Commissioners, CBEC
6. All Joint Secretaries/Directors/Deputy Secretaries, CBEC
7. All Under Secretaries/STOs/TOs,CBEC
8. Guard file.

Sd-

(Anupam Prakash)

Under Secretary to the Government of India

## Circular No. 44/2005-Cus

F.No.450/66/2004-CUS-IV  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

New Delhi, November 24th, 2005

To,

All Chief Commissioner of Customs,  
All Chief Commissioner of Central Excise,  
All Chief Commissioner of Customs & Central Excise,  
Director General, Directorate of Revenue Intelligence,  
Director General of Systems and Data Management,  
webmaster@cbec.gov.in

Sir,

**Subject: Delayed, incomplete or incorrect filing of Import Manifest or Import Report- Reg.**

I am directed to invite your attention to Board's Circular No. 13/2005-Cus, dated 11.03.2005. The intention of the prevailing Circulars/instructions is to ensure correct filing of Import General Manifest/report, complete in all respects, so as to reduce overall dwell time of cargo. Further, the nature of amendments were also classified in two broad categories 'major' and 'minor' to enable for immediate approval.

**2.** It has been brought to the knowledge of Board that all cases requiring "major amendments" in import manifest are being put up to proper officer for adjudication. The process of adjudication entails delay in the clearance of goods as a proper hearing has to be given and a speaking order has to be issued after taking into account full facts of the case and submissions made by the concerned agencies. Ministry of Shipping and various Industry Associations have represented on this issue. It has been suggested that major amendments which do not affect the Customs revenue **substantially**, should be permitted by the proper officer according to the merits of the case.

**3.** The matter was re-examined. It has been decided by the Board that all amendments to the Import General Manifest (IGM) may be considered on the basis of the provisions contained in section 30(3) of the Customs Act, 1962. The said section (sub-section 3) provides that if the proper officer is

satisfied that the import manifest or import report is in any way incorrect or incomplete, and that there was no fraudulent intention, he may permit it to be amended or supplemented. Hence the need for adjudication will arise only in cases where there are major amendments involving fraudulent intention or substantial revenue implication arising from the amendments. Further it is possible that in certain special situations such as mother/daughter vessel operation for lighterage on account shortage of draft, congestion of port, natural calamity, the final quantity of goods covered by the IGM would be known only after completion of such lighterage operation, requiring amendment in quantity originally declared at the time of filing IGM. These exceptional situations need to be taken care so that penal action is not initiated mechanically in such situations.

4. The Board's Circular No. 13/2005-Cus, dated 11.03.2005 should be read as amended to the above extent. The above instructions may be brought to the notice of the Trade immediately through appropriate Public Notice.

5. Receipt of this Circular may kindly be acknowledged.

6. Hindi version will follow.

Yours faithfully

Sd-

(Anupam Prakash)

Under Secretary to the Government of India

Phone No.23094182

Copy to:

1. PS to Chairman (E&C),
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3. CDR,CESTAT
4. All Directorates, CBEC
5. All Commissioners, CBEC
6. All Joint Secretaries/Directors/Deputy Secretaries, CBEC
7. All Under Secretaries/STOs/TOs,CBEC
8. Guard file.

Sd-

(Anupam Prakash)

Under Secretary to the Government of India

## Circular No. 45/2005-Cus

F.No.450/66/2004-CUS-IV  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

New Delhi, November 24th, 2005

To,

All Chief Commissioner of Customs,  
All Chief Commissioner of Central Excise,  
All Chief Commissioner of Customs & Central Excise,  
Director General, Directorate of Revenue Intelligence,  
Director General, Director General of Systems and Data Management,  
webmaster@cbec.gov.in

Sir,

**Subject: Transshipment of import and export cargo - waiver of bank guarantee - Reg.**

I am directed to invite your attention to Board's Circular No. 78/2001-Customs, dated 7.12.2001. The above circular prescribes the bond and amount of bank guarantee to be taken in case of transshipment of cargo from the gateway port to feeder ports/ICDs/CFSSs and vice versa. It also provides for the category of persons who are exempt from executing bank guarantee

2. It has been brought to the knowledge of Board that that the present exemption for bank guarantee should be reexamined and extended to all agencies-ICDs/CFSSs/carriers undertaking transshipment of cargo, so that cargo could be moved faster from ports and congestion avoided in ports.
3. The matter was re-examined. It has been decided by the Board to waive the requirement of execution of bank guarantee for the purpose of transshipment for all carriers of containerized cargo, who are handling more than 1000 TEUs as import containers in a financial year. This waiver would apply not only to shipping lines but also to ICDs/CFSSs/ other carriers and for carriage in all modes of transshipment, irrespective of their movement by road, coastal shipping or rail.
4. Further, there could be some carriers who may be having annual transshipment volume below the limit of 1000 TEUs, but may have good track record, requesting for considering exemption from BG

on merits. Such requests can be considered by the jurisdictional Commissioners of Customs in deserving cases for giving waiver of bank guarantee requirement for carriage of goods on transshipment.

5. The Board's Circular No. 52/2004-Cus, dated 7.10.2004 and No.78/2001-cus. dated 7.12.2001 would stand modified to the above extent. The above instructions may be brought to the notice of the Trade immediately through appropriate Public Notice.

6. Receipt of this Circular may kindly be acknowledged.

7. Hindi version will follow.

Yours faithfully

Sd-

(Anupam Prakash)

Under Secretary to the Government of India

Phone No.23094182

Copy to:

1. PS to Chairman (E&C),
2. All Members, CBEC
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6. All Joint Secretaries/Directors/Deputy Secretaries, CBEC
7. All Under Secretaries/STOs/TOs,CBEC
8. Guard file.

Sd-

(Anupam Prakash)

Under Secretary to the Government of India

## Circular No. 46/2005-Cus

F.No.450/66/2004-CUS-IV  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

New Delhi, November 24th, 2005

To,

All Chief Commissioner of Customs,  
All Chief Commissioner of Central Excise,  
All Chief Commissioner of Customs & Central Excise,  
Director General, Directorate of Revenue Intelligence,  
Director General, Director General of Systems and Data Management,  
webmaster@cbec.gov.in

Sir,

**Subject: Automation of movement of containerized cargo from Gateway Ports to hinterland ports – SMTP – regarding-**

The undersigned is directed to state that during the deliberations of Inter Ministerial Group consisting of representatives of Ministry of Shipping, Ministry of Commerce and Planning Commission under the Chairmanship of Secretary (Revenue), one of the issues that came up was the requirement of filing Sub-Manifest Transshipment Permit (SMTP) application and consequent delay in clearance of goods meant for transshipment to hinterland ports/ ICDs/ CFSs.

2. The Board has now decided to automate the transshipment of containerized cargo from one Port to an Inland Port or ICD/CFS where the Indian Customs EDI System (ICES) is operational. This would involve exchange of messages for Transshipment of Cargo electronically among Customs, Port authorities, ICDs and Shipping Agents.. The implementation of this module is a significant step in the ongoing Business Process Re-engineering initiatives of the department. This will also reduce the congestion and dwell-time of cargo at the ports and will contribute to reduction in transaction costs of imports.

3. In the automated Transshipment Module, the requirement of an application by the carrier will be done away with and the SMTP (Sub manifest Transshipment Permit) portion of the IGM itself

will be treated as a request for transshipment. Carriers will not be required to separately file an application for this purpose. They will however be required to indicate the code of the transporter undertaking the transshipment (e.g. CONCOR) in the IGM. For this purpose, a field is being added in the IGM format to capture this information. The ICES system will allow transshipment of those containers against whom the port of destination is indicated as ports other than the port of discharge.

4. The transshipment permit information will be sent to the carrier, the transporter undertaking the transshipment, custodian of the gateway port, and the ICES system at the destination ICD. Transshipment permit can also be printed by the carrier in his office or in the custom house.
5. The transshipment permit transmitted to the recipient port/ ICD/ CFS will automatically be converted into an IGM and the Shipping Lines will not be required to file any fresh IGM in respect of such containers.
6. The transporter performing the transshipment activity will be required to electronically submit a container arrival report to the ICES system at the destination ICD/ CFS in a specified format. The container arrival report will be matched with transshipment message received from the Gateway Port and a 'landing certificate ' message will be generated by the inland port/ICD/CFS which will be transmitted to the Gateway port for closure of IGM Lines.
7. Instructions on debit of Bonds for transshipment are also being modified to enable the carrier to carry out debit and credit in the Bonds. Circular in this regard is being issued separately.
8. Presently the automated transshipment module is implemented between JNPT and ICD Tughlakabad. Detailed transshipment procedure is being worked out by the Directorate of Systems and will be circulated to all automated custom locations for informing the trade before implementation.
9. Receipt of this Circular may be acknowledged.
10. Hindi version will follow.

Yours faithfully

Sd-  
(Anupam Prakash)  
Under Secretary to the Government of India  
Phone No.23094182

## Circular No. 47/2005-Cus

F.No.450/66/2005-Cus.IV  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

New Delhi, November 24th, 2005

To,

All Chief Commissioner of Customs,  
All Chief Commissioner of Central Excise,  
All Chief Commissioner of Customs & Central Excise,  
Director General, Directorate of Revenue Intelligence,  
Director General, Director General of Systems and Data Management,  
webmaster@cbec.gov.in

Sir,

**Subject: Simplified bond module covering both custodianship and transshipment –multiplicity and multi-utilisation of bond- Reg.**

I am directed to invite your attention to above subject and to say that an Inter Ministerial Group (IMG) headed by Secretary (Revenue) examined various issues relating to simplification of customs procedures. IMG felt that the issues relating to multiplicity of bond and multi-utilization of bond need to be addressed. The Group felt that if the same person is required to file two different bonds to a single Customs authority under different provisions of customs procedures, then one single bond can incorporate all such requirements and the existing Bond module of the EDI should be utilized for all requirements of bond. The Group felt that it would ensure better monitoring and simplification of procedure.

2. In this connection reference is invited to Board's Circular No. 78 /2001-Cus dated 7th December, 2001 wherein it is prescribed that the custodians of ICDs/CFSS operating as carriers of transshipment cargo between gateway ports and their ICDs/CFSS shall amend the terms and conditions of their bank guarantees executed with Customs for custodianship of ICDs/CFSS to cover safety and security of cargo being transhipped by them. The details of such bank guarantee shall be informed to the Commissioner of Customs having jurisdiction over the gateway port. The custodians of ICDs/CFSS shall be allowed to tranship the cargo against the said bank guarantee and they will not be required to execute a separate bank guarantee for transshipment.

3. Further Board's Circular No. 34/2000-Cus. dated 3rd May, 2000 provide for 'mother bond' in order to avoid multiplicity of bond for same purpose i.e. transshipment. As per the provisions, the carriers may execute Mother Bonds instead of individual bonds. Such bonds will be accepted and maintained by the Commissioners of Customs at the port of origin and these will be like running bonds. These will be credited on receipt of proof of safe landing of containers at the port of destination. The value of Mother Bond can be arrived on the basis of the average number of containers carried in the vessels, time taken for submission of proof of safe landing of containers at the destination ports, frequency of such transshipment as well as the average value for containers.
4. In view of existing circulars efforts should be made to reduce multiplicity of bond. Further EDI system of Customs has a 'bond module' which will be fully utilized once 'message exchange facility' is operationalised between two ports. The implementation of bond module for re-crediting is in conformity with the Regulation 4 of the Goods Imported (Condition of Transshipment) Regulation, 1995 which provides for discharge of the bond on production of certificate of transfer of goods at the destination. After such discharge of the bond amount covering a particular transaction; the value of mother bond will be credited to that extent. In an online environment, such re-credit to the extent of the bond amount which gets discharged as stated above, would be done automatically in the system on receipt of electronic message between Gateway port and destination port or between two customs stations. Directorate of Systems and Data Management would make efforts to implement the same in electronic environment in time bound manner.
5. The above instructions may be brought to the notice of all concerned for effective implementation.
6. Hindi version follows.

Yours faithfully

Sd-

(Anupam Prakash)

Under Secretary to the Government of India

Phone No.23094182

## Circular No. 50/2005-Cus

F.No.442/12/2004-Cus.IV (Pt.II)  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

New Delhi, dated December 01, 2005

To,

All Chief Commissioner of Customs,  
All Chief Commissioner of Central Excise,  
All Chief Commissioner of Customs & Central Excise,  
All Commissioner of Customs,  
All Commissioner of Central Excise,  
All Commissioner of Customs & Central Excise,  
Director General, Directorate of Revenue Intelligence,  
Director General, Directorate of Systems and Data Management,  
webmaster@cbec.gov.in

Sir,

**Subject:- Procedure for disposal of unclaimed/ uncleared cargo under section 48 of the Customs Act, 1962, lying with the custodians – regarding**

I am directed to invite your attention to the report of the Task Force which was constituted by the Central Board of Excise and Customs as a sequel to the observations of the C & AG, vide order F.No. 442/12/2004-Cus.IV (Pt) dated 27.6.2005 to examine the various issues arising out of the audit review, and to suggest effective measures to be put in place as a permanent mechanism for expeditious disposal of the backlog of accumulated, unclaimed, uncleared and confiscated cargo, and also to ensure that no delays in disposal take place in future. The Chief Commissioner of Customs, Delhi Zone was the Chairman of the Task Force.

2. Looking at the considerable success in expeditious disposal of Section 48 unclaimed cargo as a result of the interim special initiatives taken by government vide Circulars dated 17.10.1997, 13.01.2000, and 28.01.2004, the Task Force viewed that the procedure laid down in the Ministry's last Circular No. 7/2004 dated 28.01.2004 should be put in place as a permanent measure with some modifications.

3. The matter has been examined by the Board. In order to ensure expeditious disposal of unclaimed/ uncleared cargo, under section 48 of the Customs Act, 1962, and lying with custodians, whether in the private or public sector, the following procedure should be followed:-
- (i) The procedure shall be applicable only to unclaimed/uncleared cargo landed at least one year prior to the date on which the list of goods for customs “no objection” is prepared. In other words, this liberalized procedure would not apply to goods which have been lying uncleared for a period less than one year from the date of their import.
  - (ii) The custodian will furnish the list of items to be considered for disposal to customs. The list will contain complete particulars such as Bill of Lading/Airway Bill number, description of goods, weight, name of the consignee/consignor, etc. A notice shall simultaneously be issued by the custodian to the consignee at his known address and also displayed on the custodian’s notice board stating that if the goods are not cleared within 15 days they be sold by the custodian under Section 48 of the Customs Act, 1962.
  - (iii) Customs shall scrutinize the list with their own files/records and intimate the custodian a list of disputed or stayed consignments or consignments required to be retained for any investigation/adjudication/court proceedings, motor vehicles or negative list items as restrictions imposed under allied acts. If no such intimation is received from the Customs within 15 days, the custodian shall go ahead with the disposal of the goods.
  - (iv) The responsibility for the disposal shall exclusively be with the Custodian who shall fix a reserve price arrived at by a panel of Government approved valuers appointed by the Custodian [irrespective of any value arrived at by the Customs Appraisers earlier], which should include an expert on the product line.
  - (v) The customs will not insist on complete and detailed inventory of the contents of the consignments to be drawn in their presence. They shall, instead choose 10% consignments for which detailed inventory shall be made in their presence for sample check.
  - (vi) The disposal of the goods shall be made by public auction/ E-auction/tender. The date of the public auction/ E-auction/tender should be adequately publicized in advance through national newspapers (both in English and Hindi), departmental website as well as in at least one newspaper in the local language. The values assessed by the approved valuers appointed by the custodians shall form the “reserve price”. The maximum number of auctions/tenders to which a lot is subjected should be four, with the goods to be necessarily sold for the highest bid in the last auction/tender regardless of the reserve price fixed. Reserve price fixed would not be applicable in case of fourth auction/tender. In the event of the goods not being disposed of in the first auction, subsequent auctions/tender should be conducted in time bound manner.
  - (vii) Guidelines issued by the Central Vigilance Commission as available at CVC website <http://www.cvc.nic.in> particularly letter No.98/ORD/1 dated 18th December, 2003 should also be kept in view.
  - (viii) The bidding shall be on cum-duty price and duty shall be back-calculated from the sale price

[Local taxes like Sales Tax etc, will however have to be charged/recovered extra from the buyer].

- (ix) The custodian should fix a date for holding the auction/tender and communicate such date to the officer in charge of the customs station and the concerned Assistant Commissioner/Deputy Commissioner. The Assistant Commissioner/Deputy Commissioner would nominate, if necessary, an officer not below the rank of Superintendent /Appraiser to witness the auction/tender. Customs shall not withdraw any consignments at the last moment from the auction/tender except with the written approval of the Commissioner of Customs.
- (x) For each consignment which is sold, the custodian will file a consolidated Bill of Entry, buyer-wise, for assessment of the effective rate of duty by the Customs. Auctioned goods will be allowed out of charge only after the duty assessed is paid by the custodian [Refer Unclaimed Goods {Bill of Entry} Regulations, 1972].
- (xi) The sale proceeds shall be shared as per the provisions of section 150 of the Customs Act, 1962.

4. For uncleared/ unclaimed goods which are lying for a period less than one year, the custodian would get the reserve price fixed by a panel of Government approved valuers appointed by the Custodian. However, if these goods remain unsold and pass into the category of landed-more-than-one-year-prior, then the custodians can sell the same following the independent procedure without any reference to customs, and adjusting the number of auctions/tenders to which the lot was already subjected to against the prescribed number of four such auctions/ tender. It is re-iterated that for the valuation of goods landed at least one year prior to the date of seeking NOC, Customs should not associate with the valuation of the goods lying uncleared with the custodian, however, both reserve price and bids would be approved by the Customs. This is to ensure that the custodians do not cast the responsibility for unrealistic fixation of the reserve price on customs.

5. The above instructions may be brought to the notice of all concerned immediately through appropriate Public Notice.

6. Receipt of this Circular may kindly be acknowledged.

7. Hindi version will follow.

Yours faithfully

Sd-

(Anupam Prakash)

Under Secretary to the Government of India

Phone No.23094182

## Circular No. 52/2005-Cus

F.No.442/12/2004-Cus.IV (Pt.II)  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

New Delhi, dated December 09, 2005

To,

All Chief Commissioner of Customs,  
All Chief Commissioner of Central Excise,  
All Chief Commissioner of Customs & Central Excise,  
All Commissioner of Customs,  
All Commissioner of Central Excise,  
All Commissioner of Customs & Central Excise,  
Director General, Directorate of Revenue Intelligence,  
Director General, Directorate of Systems and Data Management,  
webmaster@cbec.gov.in

Sir,

**Subject:- Procedure for disposal of unclaimed/ uncleared cargo under section 48 of the Customs Act, 1962, lying with the custodians – regarding**

I am directed to invite your attention to the Board's Circular No. 50/2005-Cus dated 01.12.2005 on disposal of unclaimed/ uncleared cargo, under section 48 of the Customs Act, 1962. Para 3 of the said Circular deals with the disposal of unclaimed/uncleared cargo 'landed more than one year category' while para 4 of the Circular deals with the disposal of uncleared cargo landed 'less than one year category'. Field formations have raised doubt over the applicability of para 4 to disposal of cargo 'landed less than one year category'.

2. The matter has been examined by the Board. In order to clearly state the intention behind the para 4 of the Circular No. 50/2005-Cus dated 01.12.2005, it has been revised as follows,-

“4. For uncleared/ unclaimed goods which are lying for a period less than one year, the custodian would get the reserve price fixed by a panel of Government approved valuers appointed by the

Custodian. Customs shall not associate itself with the valuation of the such goods lying uncleared with the custodian. However, both reserve price and bids would be approved by the Customs. Further, if these goods remain unsold and pass into the category of landed-more-than-one-year-prior, then the custodians can sell the same following the independent procedure as detailed in para 3 without any reference to customs, and adjusting the number of auctions/tenders to which the lot was already subjected to against the prescribed number of four such auctions/ tender.”

3. Para 4 of the Circular No. 50/2005-Cus dated 01.12.2005 would be replaced with the text as mentioned above.
4. The above instructions may be brought to the notice of all concerned immediately through appropriate Public Notice.
5. Receipt of this Circular may kindly be acknowledged.
6. Hindi version will follow.

Yours faithfully

Sd-  
(Anupam Prakash)  
Under Secretary to the Government of India  
Phone No.23094182

## Instruction dt. 24.11.05

F.No.450/66/2005-Cus.IV  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

New Delhi, November 24th, 2005

To,

All Chief Commissioner of Customs,  
All Commissioners of Customs,  
webmaster@cbec.gov.in

Sir,

**Subject: Conversion of foreign going vessels to coastal vessel- Customs duty collection of ship stores consumed during coastal run-reg.-**

The undersigned is directed to bring your kind attention to Circular No. 58/97, dated 6-11-1997 issued vide F. No. 450/77/95-Cus. IV on the procedure for collection of duty on ship stores consumed during coastal run. During the deliberations of Inter Ministerial Group consisting of representatives of Ministry of Shipping, Ministry of Commerce and Planning Commission under the Chairmanship of Secretary (Revenue), one of the issues that came up was the delay being caused by Customs authorities for conversion of foreign going vessel to coastal vessel. It was also mentioned by the Ministry of Shipping that whenever any vessel is converted from foreign going to coastal, customs require a notice of three days. Such conversions are quite frequent in the tanker industry. Sometimes due to exigency of operation, a coastal vessel is required to be converted to foreign going for loading at foreign ports, when the vessel is waiting at the anchorage out side the port limits in India. In such cases, customs require the vessel to be brought inside the port at berth for carrying out conversion formalities.

**2.** It may be noted that as per the provisions of Circular No. 58/97, dated 6-11-1997 issued vide F. No. 450/77/95-Cus. IV, there is no requirement of advance notice of three days for converting foreign going vessel into coastal vessel. All field formations should scrupulously adhere to the provisions of Circular No. 58/97, dated 6-11-1997. Paragraph 3 of the above circular mentions about the option of payment of duty on the entire quantity of Bonded stores carried by the ship, or only on estimated quantity of the Bonded stores that may be utilized during coastal run when the vessel is converted

into coastal vessel. Similarly steamer agent is entitled to refund of duty in case of unutilized duty paid stores. The assessment in all such cases should be completed within prescribed time. However, it should be ensured that conversion of foreign going vessel to coastal vessels and vice versa should be expeditious and without any delay. Further, in case of exigencies, when the vessel is anchored outside the port limit, full cooperation should be extended to the master of the vessel/ steamer agent for getting the expeditious conversion of coastal vessel to foreign going vessel, if necessary by deployment of Customs staff to such vessel for completing the conversion process and to subject to safeguard of revenue.

3. All concerned may be directed to comply with above instructions.

Yours sincerely,

Sd-

(Anupam Prakash)

Under Secretary to the Government of India

Ph.-23094182

## Instruction dt. 24.11.05

F.No.450/66/2005-Cus.IV  
Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

New Delhi, November 24th, 2005

To,

All Chief Commissioner of Customs,  
All Commissioners of Customs,  
webmaster@cbec.gov.in

Sir,

**Subject: Movement of Less than Container Load (LCL) cargo from one CFS to another CFS -reg.-**

The undersigned is directed to inform that during the deliberations of Inter Ministerial Group consisting of representatives of Ministry of Shipping, Ministry of Commerce and Planning Commission under the Chairmanship of Secretary (Revenue), one of the issues that came up was that the containers loaded with LCL cargo may be allowed to be moved from one CFS to another CFS for stuffing as this would help optimum utilization of space in a containers/ truck.

2. Board has issued several circulars on streamlining the procedure for transshipment and consolidation of cargo and movement of goods from gateway port to hinterland CFS/ ICD. The stuffing/ re-working of containers is being done at Gateway ports. The issue of permitting mobility to containers/ trucks to pick cargo from nearby CFS of the same port was discussed and it was felt that jurisdictional Commissioners may allow this.

3. Accordingly, it is decided by the Board that jurisdictional Commissioners by way of issue of suitable standing order should allow the movement of containers/ trucks loaded with LCL cargo from one CFS to another CFS under their jurisdiction so as to have optimum utilization of space in a containers/ truck. They should, however, ensure that the facility is not misused and revenue is safeguarded.

Yours sincerely,

Sd-

(Anupam Prakash)

Under Secretary to the Government of India

Ph.-23094182