

Interactive Session with Chief Commissioners



Mr. Anand R Ladsariya, MC Member & Chairman, CHEMEXCIL (4th from left) addressing the meeting. On his left are, Mr. K R Bhargava, Chief Commissioner of Customs Mumbai Zone II; Mr. Vineet Kumar, Chief Commissioner of Customs Mumbai Zone III; Mr. R S Sidhu, Chief Commissioner of Central Excise Mumbai II. On his right are Ms. Shobha Chary, Chief Commissioner of Customs Mumbai Zone I; Ms. Smita Samant, Executive Director, CHEMEXCIL; and Mr. Shrikar Dole, Jt.Dy. Director General, FIEO(WR)

The Federation of Indian Export Organizations (Western Region) in association with CHEMEXCIL organized an Open House meet with the Chief Commissioners of Customs, Mumbai Zone I, II & III on 18 February, 2010. The meeting was attended by over a hundred senior representatives from the exporting fraternity. Chief Commissioners of Customs Mr K.R. Bhargava, Chief Commissioner of Customs, Mumbai Zone II, Mr Vineet Kumar, Chief Commissioner of Customs, Mumbai Zone III and Ms Shobha Chary, Chief Commissioner of Customs Mumbai Zone I, Mr R.S. Sidhu, Chief Commissioner of Central Excise, Mumbai II and the respective Commissioners exports attended the meeting.

Mr Shrikar Dole, JTDDG, FIEO (WR) welcomed the Chief Commissioners and Commissioners at JNPT, Air Cargo and Mumbai Customs and appreciated their positive approach in resolving many of the issues when-

ever represented either individually or at the Trade Facilitation Meets organized by the departments or through Open Houses. He further said there has certainly been reduction in documentation and procedures while dealing with the departments and that FIEO looked forward to many such positive steps to be initiated by the department to facilitate exporters.

In his opening speech, Mr Anand Ladsariya, Managing Committee Member-FIEO and Chairman, Chemexcil said exporters have gone through difficult times in 2008 and 2009, yet there has been a slow but steady improvement in exports. The US and the European markets are still going through difficult times and therefore, the exporters have to carefully choose their markets in order to compete and overcome the crises. He said the exporters look up to Customs and DGFT to facilitate their day to day operations to make them competitive in the international market. He stated

that the interactive sessions held with the senior officials from the departments enables the exporter to put forward their issues, suggestions and gives an opportunity to interact with the officials to sort out their queries.

Mr Bhargava expressed his happiness for being given an opportunity once again to address and interact with the exporters. He further said that there has been an improvement in the global conditions. He also said he and his team have been working on the pending cases with the departments and making all efforts to resolve them. He further said there are helpline available on the JNCH website through which an exporter can get an update on pending issues. These queries remain unattended many times and hence the issues are pending. He also said the department is constantly working on simplified measures in order to facilitate exports.

Ms Chary expressed her happiness

on her first meeting with a large number of exporters in Mumbai. She further said she along with her team will do their best to promote exports and try to streamline the procedures in order to enable the exporters to compete in the international market.

Mr Vineet Kumar said he was happy to meet a large number of exporters in his maiden meeting in Mumbai and further said he along with his team would always be available to interact and suggest measures in order to facilitate exports from the country.

According to Mr Sidhu he was happy to once again meet a large number of FIEO member exporters after a long time. He informed that the pendency in the rebate claims were being looked into by his team and all efforts were being made to finalize the cases wherever the queries have been complied with. He further said exporters are always free to approach him in order to get their queries resolved.

Ms Smita Samant, Executive Director, CHEMEXCIL while proposing the vote of thanks, said it was indeed a pleasure to have all the senior officials from all the departments under one platform, who have been so positive with all the queries that have been raised during the occasion and wherever the issues are related to the Board shall be taken up accordingly by them. She further said that they looked forward to many more such meetings in the days to come wherein the exporters are able to interact with senior officials directly.

ISSUES

1. LUT against Advance Licence

The LUT against Advance Licence is being accepted as per Board Circular no 58/2004-Cus dt 21/10/2004. As per guidelines LUT can be accepted under various categories. While submitting the LUT, an affidavit on stamp paper stating that the exporter has not been penalized under the provi-

sions of the Customs Act, Central Excise Act, FEMA and Foreign Trade Development and Regulation Act is required to be submitted. However, the field formation at JNPT insists on a certificate from the Bank authorities confirming that the exporter has not been penalized during the last financial year. It is suggested that as the renewal of Accredited Clients Programme (ACP) status is undertaken on annual basis and at the time of renewal, all the documents are being reviewed. This Bank certificate should not be insisted upon.

Chief Commissioner Zone II informed that he would review the issue.

2. Out of charge

There have been several instances when at the time of taking out of charge at JNPT, the system indicates duty less paid by Re 1.00. since B/E are being cleared under Risk Management System (RMS), challan is being generated by the system and the custom duty is being paid accordingly. In such cases B/E is being recalled and after re appraisalment differential amount is being paid. Whenever any B/E is being recalled for re-appraisalment it goes for examination although initially it has been assessed under RMS being ACP client. It has also been taken up with the Additional Commissioner, on scrutiny it was found in such cases TR6 is being generated by squaring differential part of rupee to-

wards lower side whereas at the time of out of charge the system indicates after squaring on the higher side. This issue is required to be rectified.

Chief Commissioner Zone II stated that he would sort out the issue.

3. Brand name

Various agencies are providing data of import of various products month wise and port wise. In order to safeguard the data, unit price of the product, the brand name is not being mentioned on the B/E by the exporter. At Air Cargo Customs the brand name is insisted otherwise there the goods are sent for examination. It is suggested in case of ACP client wherein the B/E are assessed under RMS, examination should not be insisted.

Commissioner Air Cargo informed that mentioning of brand name is very crucial and is required to be mentioned in the Bill of Entry.

4. Pending drawback claims

a) The drawback claim under S/B no 7148292 dated 06/03/2009 has been pending. The required documents under CBEC Circular no 5/2009 dated 02/02/2009 have been submitted viz : (a) custom attested Invoice (b) E P Copy of the S/B (c) Bank Realization Certificate (d) C.A certificate. Also S/B no 7948561 dated 15/12/2009, the required documents have been submitted as per the email query., inspite of follow ups it is still



A view of the audience

pending. The acknowledgement to the documents submitted is not received from the department and hence the documents are required to be resubmitted many a times.

Chief Commissioner Zone II informed that the claims have already been sanctioned, member exporter was asked to check up

b) Even though the EP copies are issued by the Customs, there is a delay in the disbursement of drawback claims. Query memos are often raised by asking to submit the TR/PTR along with the relevant export documents thus causing delay in the release of drawback: Amsal Chem Pvt Ltd

A time frame is being worked out so that the exporter can wait for a month and then check up the position of the disbursement of drawback and related query, if any. In case of non receipt a follow up note could be sent to the department with a copy marked to the respective Commissioner so that the issues can be reviewed

5 a) The drawback shipping bills at the Air Cargo Customs has been pending, the queries have been replied and all the documents submitted, as required and the matter has also been referred to the drawback department but the drawback amounts have still not been cleared: Crystalline Exports Ltd.

If all the queries are replied then the drawback has to be sanctioned, if not yet sanctioned the exporter may approach the concerned department

b) The issue of pending supplementary claims has already been represented and followed up with CFS Mulund, the supplementary claim is pending for almost a year. In January 2010 a letter was received from the department asking the exporter to submit copies of the BRCs, though it had been submitted earlier but the supplementary claim of Rs 1,

18.818/- is still pending: Seeba Exporters.

c) The issue of short receipt of supplementary claims has been followed up with CFS Mulund and has been pending for a year, a letter was received in January, 2010 from the Department stating that the drawback is not payable as there is no provision for a second supplementary claim. It has been clarified by the exporter that there has been a short credit given by the department of Rs 4,67,554/- in the first supplementary claim and hence was submitted for rectification for the short receipt and not a second supplementary claim: Seeba Exporters.

Chief Commissioner, Zone II informed that the above supplementary claims shall be disbursed within a week or so.

6 EGM Error

On approaching Customs for an original EP copy of the shipping bills the EDI system shows "EGM Error" most of the time and this delays the submission of post DEPB application as well as closure of files against DEEC scheme: Amsal Chem Pvt Ltd.

Chief Commissioner Zone II said that there are several issues which lead to the EGM error the major being non filing of EGM by the shipping lines in time. It has been brought to the notice of the shipping lines several times and alternatives are being worked out to resolve such issues. Commissioner Air Cargo said the concept being followed at Air Cargo is that if the EGMs are not filed within the specified time limit notices are sent to the Airlines. If there is no reply received from the Airlines within a month, a consolidated list is prepared which is taken up with the Airlines on priority basis.

7. Import of rock salt

For export of rock salt products the rock salt is imported from Pakistan. The item is under OGL and

there is no duty leviable as per Exim Policy. At JNPT the import of rock salt is not cleared saying it is banned. BG/Bond is required to be submitted, which is time consuming and hence the containers suffer detention charges resulting in making the moderate cargo expensive. But the import is being allowed at other ports. Chem Tech Equipments.

Chief Commissioner Zone II, stated that no shipment of rock salt has been stopped at JNPT, rock salt can be imported and in case of any problem the party can meet him.

8. Non transmission of S/B on DGFT Server

It has been observed many times the S/Bs do not get transmitted to the DGFT Server, in some cases it is for over months together. In spite of follow ups, the exporter is unable to get any concrete solutions. In such a situation an exporter is unable to apply for a license, till S/Bs are transmitted by Customs and accepted by DGFT. It is suggested that the backlogs created should be monitored and cleared by both the Customs and DGFT: Tata Motors, Amsal Chem Pvt Ltd.

Chief Commissioner Zone II informed that while transmitting the S/Bs, sometimes the file is not picked by the system, and the receiving side shows an error code. He stated that in such cases if the error code is brought to the notice of the Customs to enable them to re-transmit the S/Bs.

9. Verification of licenses

The licenses issued by DGFT under DEPB or FMS are required to be produced for verification again at the Customs causing delay i.e if the exporter is based in Mumbai he has to arrange for the verification when required at Mundra Port (Gujarat) or Petrapole Land Port at Bangladesh border. It is suggested that a single window system should be devised to avoid delay in transactions from one department to another: Tata Motors.

The Chief Commissioner Zone II said that he would review the issue.

10. Circulars/Standing orders

There are Circulars/Standing Orders issued within the departments for the scrutiny of licenses. The exporters are not aware of the changes/developments causing delay in the procedure. It is also observed that different ports follow different procedures. Mumbai Port insists on copies of ARE1, export invoices among other documents to verify FMS licence issued by DGFT. It is suggested the Circulars / Standing Orders should be uniform across the ports and should also be brought to the notice of the exporters to enable them to be aware with the line of requirements by the department and also uniform guidelines should be issued with regard to verification: Tata Motors.

The Chief Commissioner Zone II conveyed that there are different procedures followed at the Ports and all the major circulars are hosted on the websites. He further said that a uniform system is being implemented largely in Mumbai. The issue has also been discussed with the Board to have an identical Public Notice which can be followed all over.

11. NOC from Assistant Drug Controller

At the time of assessment, the exporters are asked to submit NOC from Asst. Drug Controller stationed at the Ports. However as per Facility Notice no 29/2008 dated 21/11/2008 issued by Commissioner of Customs Exports, Air Cargo Complex, has waived the NOC from the Asst Drug Controller. At the time of shipment the officials at Dronagiri informed that if the product is exported as per India Pharmacopoeia then the ADC NOC is not required, but it is required if exporting as per British Pharmacopoeia (BP) /United States Pharmacopoeia (USP): Amsal Chem Pvt Ltd.

The Commissioner Exports Air Cargo said they would review the

issue and in the meantime the exporter can meet the Commissioner to resolve the issue.

12. Cancellation of bonds/LUT

At the time of cancellation of LUT/bonds (submitted at the time of imports) the concerned department demand for export verification leading to a cumbersome procedure. It is suggested since the S/Bs are filed under the EDI system hence instead of export verification, the Bond department who are issuing bonds after cancellation can view from the EDI system and cancel the bond accordingly: Amsal Chem Pvt Ltd.

The Chief Commissioner Zone II informed that there should not be any problems for cancellation but if there are any issues the exporter can meet the concerned officer in the Department.

13. Re-export of silicone based chemicals

The member has been regularly importing silicone based chemicals. In exceptional cases the imported material is re-exported due to the cancellation of orders by the customer in India. In such re-export cases, the customs have made it mandatory to draw samples. Drawing of samples results in tampering the product seal, which renders the product useless in international markets. The tampered seals may create suspicion about the product and result into rejection. If the samples are not drawn the exporter is unable to claim his duty refund. It is suggested other alternatives may be initiated in such cases: Dow Corning India Pvt Ltd.

Chief Commissioner Zone II requested the exporter to submit the details regarding the issue to enable the department to review the same.

14. Declaration on Free Shipping Bills

As per para 3.11.8 of HBP Vol 1 states that in case that the exporter

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wants to avail benefits under Chapter 3 on free shipping bill issued should give declaration that "I/We hereby declare that I/We shall claim the benefits, as admissible under Chapter 3 of the FTP". The custom software is not able to incorporate the declaration and exporters are facing problems to clear the application under Chapter 3. It is suggested the software may be amended accordingly to facilitate the exporters: Jackson Paper Products Pvt Ltd.

Chief Commissioner Zone II stated that as all the codes are mentioned as per Chapter 3, hence the code is required to be mentioned. In case of any specific issue it can be brought to the notice of the department.

CENTRAL EXCISE

1. Pending rebate claims

a) The rebate claims are pending at the Maritime Commissioner of Central Excise, Khandeshwar, the matter has been followed up several times and all the required documents were submitted but the claims have not been released: Atlas Exports (India), Amber Exports, Arihant Enterprises, Amber Exim.

b) The rebate claim has been pending with the Rebate Section, Central Excise Meher Bldg, Mumbai I in spite of follow ups and submission of all the

required documents: Amber Exports.

Chief Commissioner Mumbai II informed that there are several rebate claims pending due to the mismatch of documents i.e either the ARE & S/B do not tally or there are several other documents submitted which do not tally as per the claim or the queries are pending to be replied by the exporters. Hence, he suggested, the exporters should check the documents and in case they are in order and the rebate claim is still pending they can meet the respective range officer from the department.

GENERAL

1. Organic/Inorganic pigments

The exporter is a regular exporter of organic/inorganic pigments to their customer. Now the customer has informed that they would like to supply the UN approved packing material which are printed with necessary hazardous declaration. Can the exporter import the packing bags under advance license without payment of duty? Is the exporter entitled to DEPB / Drawback scheme which is permitted on export of particular pigment as the packing material are imported under duty free license: Amritlal Chemaux Pvt Ltd.

The Chief Commissioner Zone II conveyed that wherever the norms are available the DEPB can be claimed. In case of specific cases it can be brought

to the notice of the DGFT for clarification.

2. Industrial Grade Potassium Chloride

The Government is importing Muriate of Potash – Potassium Chloride for supplying the same to the farmers at subsidized rate as a fertilizer M/s Adhunik Industries, Ankleshwar is manufacturing the product from Industrial Grade Potassium Chloride solution obtained during the manufacture of Meta-Phenoxy Benzaldehyde and other chemical intermediates. As such the firm is not using the imported Potassium Chloride for export but manufacturing out of crude solid potassium chloride solution. The firm has submitted a certificate from the Chartered Engineer which clearly states that the export product is manufactured from the raw material obtained during the process of other chemicals and has no connection with the imported subsidized Muriate of Potash. The consignment of Industrial Grade Potassium Chloride (HS 2827 39.00) is detained even though the product is not covered under Fertilizer. It is suggested the consignment be allowed for exports: Adhunik Industries.

The Chief Commissioner Zone II conveyed that in the above case the consignment should not be held up and requested the exporter to meet Additional Commissioner, SIIB at JNPT. ■