

## New Customs Commissioner wants to smoothen trade



Mr. M K Gupta, Chief Commissioner of Customs (centre) addressing the meeting. On the dais from left, are Mrs. Debdatta Nandwani, Dy. Director General, FIEO(ER); Mr. Ramesh Kumar Agarwal, Chairman, FIEO(ER); Mr. K RN Chary, Commissioner of Customs; and Mr. Sushil Patwari, Managing Committee Member of FIEO.

FIEO (ER) organized an interactive session with the Chief Commissioner Customs Kolkata, M.K. Gupta, who recently took charge of Kolkata Customs.

Initiating the meeting, which was held at The Conclave on 12th May, 2010, Mrs Debdatta Nandwani, DDG, FIEO (ER) said FIEO's main objective in having the session was to represent policy suggestions of members and not just represent individual cases, which are already being taken up with the department.

Delivering his welcome address, Mr Ramesh Kumar Agarwal, Chairman, FIEO (ER), stated that in these days of economic upheavals, the role of customs is vital in reducing transaction time and costs. He also stated that given the focus of the Government of India in increasing trade relations with the ASEAN countries and Korea in the background of the FTAs recently signed with them, the responsibility of Kolkata Customs is expected to increase further. He requested Mr Gupta to provide all assistance and help in

these times of economic upheavals.

Assuring all help from the Customs, Mr Gupta said that coming from a business background he fully understands the pressures faced by various business houses in their bid to increase their business turnover. Hence, any exporter or importer is welcome to visit his office at any time of the day if the company faces problems with regard to Customs pertaining to export/import of goods and products. He invited questions from the member exporters for the interactive session.

The queries were divided into two parts, generic issues and specific queries raised by exporters:

### **A. GENERIC ISSUES** **Issuance of Wildlife Inspection Certificates:**

The Wildlife Inspection Certificates as per procedure are issued by the Ministry of Environment and Forests in the Government of India prior to the export of products like agri products and other products in order to prevent illegal forest products. However, de-

spite several representations to the Government of India, it is yet to authorize an office for issuance of the certificates after following due procedure to the exporters. This is a problem which is occurring in Kolkata only and needs to be addressed urgently since exporters' goods are stuck for days on end due to the certification, thus increasing transaction costs and time.

**Reply:** This pertains to the Ministry of Environment and Forests in the Government of India and if a copy of the same is sent to the Customs office, it can be followed up with the ministry concerned so that there is no delay in this. If there is any specific issue related to delay caused by Customs, please forward the same and the matter shall be examined.

### **Duty imposed on iron ore:**

The duty imposed on iron ore exports varies from time to time on MT basis or ad valorem basis. Further the duty is withdrawn and again re-imposed. The matter may be taken up with appropriate authorities in New Delhi since this issue tends to be a bone of contention for both the Customs officials who are implementing it as well as the exporters since their export pricing is affected by this.

**Reply:** When duty was ad valorem, there was a problem pertaining to FOB + duty price or FOB without duty price, however, a circular was issued clarifying that till 31st December 2009, it is FOB cum duty price; after that date FOB only.

### **Bank guarantees pending refund with the office of the Chief Commissioner, Kolkata:**

The matter was taken up in the past TFC meetings also and although the matter is being sorted out from time to time, it is to be noted that more often the small and medium ex-

porters are asked to pay the bank guarantees which run up to 10% of their FOB value. This eats up into the cash flow of the exporters and the untimely refund tends to lock the capital of the exporters. Please note this is not to plead for the withdrawal of the rule as such but to facilitate speedy refund of the bank guarantees after the process is over. It may be appreciated that these bank guarantees are of no use to the Customs also and the process of maintaining accounts of the bank guarantees entails a lot of expenditure for the Customs as well.

**Reply:** I had ordered that all BGs had to be refunded immediately. A list of BGs pending refund may please send to me for forwarding to officers concerned. Regarding, CLE's submission of the list of 5 exporters whose BGs are stuck, the AC(Imports) may provide a report within ten days why BGs which have been complied with have not been cancelled.

**Testing of chemicals in the laboratories in Customs:**

Testing of chemicals are done in laboratories of the customs which are ill equipped in terms of both machines as well as experienced personnel. The testing is often done in labs outside Customs labs and sometimes outside Kolkata, thus holding up exports at the port and increasing the transaction costs and time. This is to request that the Customs upgrade its facilities in the laboratory in order to ensure speedy testing.

**Reply:** Please send a list of commodities which could not be tested and I shall take up the issue with the Director, CRCL, Delhi to upgrade the facilities.

**Testing of export of food items by the port health officer at the port as well:**

It may be appreciated that not only does Kolkata Port import a lot of food items but also exports a lot of food items as well. The testing and inspections of food items for imports is



FIEO(ER) Chairman, Mr. Ramesh Kumar Agarwal (left) presenting a bouquet to the Chief Commissioner of Customs Mr. M K Gupta.

done by the Kolkata Port health officer. However, for exports the testing has to be done by outside agencies. When the facilities exist at the port for imports and are accepted by international agencies, it is not understood why the same cannot be implemented for exports as well. It is requested to kindly take up the issue with the KoPT and request them to extend the same for exports as well.

**Reply:** Please provide a list of items stuck and it shall be taken up.

**Shortage of Customs Officers / staff in Kolkata Customs:**

Despite repeated requests by all stakeholders concerned there is a shortage of Customs officers being posted in Kolkata Customs (airport and land). Please note that there has been an increase in the informal trade all along the Bangladesh border and the Kolkata Customs has been posting one officer to coordinate in the two land customs stations. It is requested that this issue may be taken up urgently to reduce delays and enable timely exports.

**Reply:** It is a fact that there is shortage of AC's in Hilli and I shall look into it.

**B. SPECIFIC ISSUES RAISED BY**

**EXPORTERS**

**1) Receipt of short payment of drawback in bank:**

In July 2009, we have made a shipment whose drawback amount was Rs 39,144. All the items which were sent in the shipment were items which can be carried in pocket or handbags, with a tariff code of 420207. The challan was also passed without any dispute. But when we got the amount in the bank we found that the amount we have received in the bank was Rs 35,056 i.e there was a short payment of Rs 4088. Similarly some more shipments have the same problem.

**2) Item's nomenclature problem (partly):**

After the February meeting, 2010 with your kind self, 80% of the problem was sorted. We still request you to take care of this part so that it is resolved totally and we suggest a training session by your department to guide the exporters so that while doing the documentation they should follow as per your book of nomenclature. We would like to request you to kindly look into the matter and help us to resolve all the issues.

**Reply:** The matter shall be looked into. You are requested to forward the issues as early as possible.



A view of the participants.

We are a trading house involved in bulk imports of various petrochemicals at Budge Budge port, Kolkata. Our products include Toluene, Mix Xylene, Phenol, MEG etc. We have leased various storage tanks at S.K. Oil Terminal Pvt Ltd and Mundial Export Import Finame Pvt Ltd, both terminals located near the port at Budge Budge, for storage and subsequent distribution of the imported products to various customers. Both terminals have all the infrastructure and valid licences like pollution, explosive etc., to store our products.

However, Customs has been insisting on a separate clearance / NOC from the local Pollution Control Board, to release the consignments. The PCB in turn insist on the order copies of our customers, even if multiple, for the full quantity of individual consignments and the respective pollution certificates of individual buyers.

You will appreciate that, as a trader, it is very difficult for us to book advance orders for all bulk parcels and then place indent with our overseas suppliers. As a normal merchandise practice, we have to store the products and distribute small parcels to different customers as per their requirement from time to time. Hence, at most of the times, it is not possible to

produce order copies for the full consignment being imported, beforehand.

We believe that since the terminals used for the storage of the products have valid pollution clearances, and as we are not a manufacturer, the terminal's clearance certificates should be a valid document for the customs clearance purpose. As a lessee, we should be allowed to utilise all the related licences of each storage point, for import, storage and distribution of our cargoes.

We request you to use your good offices to take-up the matter with the concerned authorities and save us the hassle of unnecessary delays and documentation for clearance of our imported material.

**Reply:** With regard to the requirement of PCB certificate, is this the requirement of the state of West Bengal? Each state has its own rule and laws which have to be followed and Customs will only allow clearance of shipment if the law of the land is followed. Please find out the details and get back to us.

We are regularly importing methanol at Budge-Budge port, Kolkata. Presently, the assessment process has been widely simplified. On removal of a few impediments enu-

merated herein below the assessment process and release of goods will be further put on the fast-track:

### 1) Preventive Officer's fees:

Methanol is a liquid cargo and is imported in bulk through chartered vessels. The procedure involves posting of a Preventive Officer from the time of arrival of the vessel up to the time Pass Out/Out of Charge is issued by the Appraising General section. The fees for posting of Preventive Officers are calculated on the basis of number of tanks in which the cargo is discharged and stored, despite the tanks being in the same compound/complex and / or in vicinity of each other.

For example, assuming the Preventive Officer's fees for each shift is Rs 100 and the cargo is discharged and stored in 5 overhead tanks, the total cost to the importer will be: Rs 100 x 5 overhead tanks x n shifts = Rs 500n.

Under the present manner of imposition as enumerated above, the Preventive Officer's charge is exorbitant and is based on a hypothetical premise of service/posting. We suggest that the Preventive Officer's charge under the prevailing system be withdrawn and may be charged per consignment or on the basis of per Bill of Lading.

2) Public Notice No. 30 of 2009 dtd 29.04.09 and consequent delay in assessment and release of cargo. The Additional Commissioner of Customs (Appraisal) issued a the Public Notice bearing No. 30 of 2009 restricting the import of an otherwise freely importable item, methanol, on the basis of a letter written by the Excise Commissioner, West Bengal in February 2009. In terms of the Public Notice No. 30 of 2009, the importer of methanol is required to submit a valid import permit issued by the Excise authorities of the Special Section of the Excise Directorate, Kolkata.

In our case, we do not fall under the ambit of the Excise Directorate,

West Bengal. We are not even registered with them. In addition, since the issuance of the Public Notice, the Excise Directorate, West Bengal, has only submitted letters that since it has collected Pass Fees from a third party, the goods can be released to us. Such letters have only been issued after enormous delay, stretching for more than one month and inflicting substantial costs and damage to our business, workers, customers, suppliers etc.

In the given circumstances, we request that Customs must give the Excise Directorate a time-frame within which the letter/NOC must be issued by the Excise Directorate, West Bengal to Customs failing which the imported cargo must be released in normal course as per Customs provisions. The Public Notice 30 of 2009 must be modified to this extent.

**Reply:** Since the representative is not there, the matter shall be dealt with separately. In any case, it is gathered that the importer has filed a case in the High Court and the verdict was in favour of Customs.

**Posting of Assistant Commissioner:** For providing DEPB benefit with other Government incentives at Hili L.C. Station for better and quick improvement of exim trade from Hili, we are in need of the presence of an Assistant Commissioner of Customs at Hili permanently, as also to countersign export documents including perishable items which are valued over Rs 15 lakh.

At present, it is being collected at Malda Customs office and sometimes due to prolonged absence of the Asstt. Commissioner of Malda, claim documents pile up at their end. In the absence of the A.C. at the Malda office, exporters have to go to Siliguri for countersigning their export-documents by the Siliguri A.C. which again increases transaction costs. Also, because of the delay perishable goods rot. We request you to arrange for authorization of signing export-documents to the Superintendent of

Customs at Hili until the A.C. posting at Hili L.C.S takes place.

**Apprising Unit of Customs:** The apprising unit of Customs should be arranged for signing export documents at another place far away from the cargo point as the road at the present Customs office is narrow and not fit for the movement of trucks. The trucks have to wait for customs clearance in a queue for long time which delays exports.

**Reply:** The matter has already been discussed earlier. I shall discuss with my officers and provide a reply.

**Post shipment amendments:** In an event that any changes in the particulars of Shipping Bill are required after the shipment is done, these post-shipment amendments are getting inordinately delayed at the Customs. For instance, the Shipping Bill no. 5573600 dated 4th September 2009 was sent for post-shipment amendment on 1st December 2009 and we are yet to receive this Shipping bill. We are still awaiting this bill for last four months. The only rectification required was 'change of material description'. In one of the Trade Facilitation Meetings held at Mumbai on 25th March 2010, it was discussed that Mumbai Customs will take it up with DGFT and DG (Systems) regarding the change in software which will enable post-shipment amendments in DEPB shipping bills to be transmitted online to DGFT. We will request you to share with us any updates on this issue.

**Reply:** Post shipment amendment is exercised by Customs officials only in exceptional cases and not always. Tata steel is advised to follow due procedure accordingly and not change the nomenclature for whatever purposes required. The Tata steel official is advised to meet AC (Exports) in Customs House accordingly.

**Delay in receipt of EP copy of Shipping Bill after vessel sails out:**

We are experiencing significant delays in receipt of EP copy of shipping bills, which is more often than not taking at least 2-3 weeks after the vessel sails out. In the case of above shipping bill, the vessel sailed out on 11th Sept 2009 and we received the EP copy of shipping bill on 9th October 2009. There are at least 6 shipments pertaining to March 2010 for which we have not yet received shipping bills and it is more than 6 weeks now.

**Reply:** The EGM copies are issued after certification by the shipping companies and hence, the delay. The Customs Department has already written to the Association for Shipping Interest in Calcutta for certification and is awaiting a reply. The ASIC has requested details of the rotation number and the date of sailing from the customs which is being sent to them for issuance of reply.

**Single window facility for Premier Trading Houses:** Can we propose creation of single-window facility for Premier Trading Houses at Customs house at the port and/or various land customs stations? This will ensure that documents are processed faster. These are the main issues that we are facing w.r.t. Customs.

**Reply:** The procedure of Customs should be understood by the exporter prior to the matter being forwarded for consideration. I do not think Customs differentiates in its dealing presently. Moreover, all systems are being made online and no problem should arise in any respect.

*Delivering the vote of thanks, Mr Sushil Patwari, Managing Committee Member, FIEO, stated that Customs and other authorities have now made a marked shift in focus from being just a preventive agency to a trade facilitation agency. He thanked Mr M.K. Gupta, Chief Commissioner, Customs Kolkata, and his officers for taking time out to interact with the members of FIEO (ER) and clarify various issues pertaining to Customs matters. ■*