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Shri Gaurav Masaldan, IRS
Joint Secretary – Customs
Ministry of Finance

Sub: Regarding challenges faced by industry in Import Shipments Clearance for components for further manufacturing

Respected Sir,

Greetings from MAIT!

At the outset, MAIT would like to take this opportunity to thank CBIC for its continued support to the Indian industry. We deeply appreciate CBIC's efforts in effectively resolving the industry issues related to import and export.

Sir, as you will agree that the turnaround time in foreign trade plays a crucial role in business continuity of an organization. There are a few burgeoning issues with regard to import of components by manufacturers which require your urgent attention:

Some of our members have been facing challenges under the Faceless Assessment while importing components:

1. Initially after BOE is filed, faceless assessment process gets initiated in 1-2 days' time.
2. In most of the cases, there are General queries raised which are not relevant to that particular product. (like BIS, WPC, Labelling, etc.). AO does not either specify the query nor give justification for rejecting classification and benefits under specific notifications.
3. Most of the time there are at least 3 queries raised. After replying to the query, another query is raised, and it eventually increases the turnaround time.
4. If still the assessing officer does not agree, he instructs the concerned officer at BOE initiating port to go for even 100% inspection. With this, there is additional delay in handling of the products. This physical inspection is done after faceless assessment is completed and delays the entire process. The manufacturers have to keep their plant idle waiting for shipments to arrive and is a huge burden on them when there is already challenges due to shortage of chipsets, huge depreciation in rupee vis-à-vis dollar.
5. The whole process takes **minimum 5-7 days** and if there is any weekend or holidays, it literally takes even **8-10 days** to get the consignment cleared.
6. Assessing officer is only relying on **historical data** rather than following the Customs Valuation Act which clearly spells out that each transaction is different for various reasons including the business model, type of supply, conditions attached to the transaction, etc. For instance, Customs Officers are not agreeing despite providing all the documentary evidence related to the customer sales price.
7. There are a lot of technical issues related to portal inefficiency. For instance,
 - a) In the IGCR monthly statement, as per the ICEGATE, the details of the consignments are to be entered once again in the Portal. These pieces of information, like the Bill of Entry number, quantity imported, etc., except for every monthly usage of quantity imported, is very much available in the System and hence can be auto-populated so that the user needs to enter only the usage details for the month.
 - b) It is seen that the system also does not support uploading so much information again and again. The ICEGATE helpdesk is also not helpful, and the queries/issues remain unanswered/unsolved.

- c) In an RMS-facilitated Bill of Entry, during re-assessment of the Bill of Entry, if there is any increase in the duty amount, then only the enhanced duty has to be paid apart from the initially ascertained duty amount during the RMS assessment. However, it is seen that after re-assessment the system generates the total duty amount, the initially ascertained duty, as well as the duty after re-assessment, are to be paid, and then the Department advises us to go for a refund of the initially paid duty amount. It means payment of double duty for the same BoE as the Software is not properly aligned. A decade back, in such cases, a second TR6 Challan would be generated only for the differential duty payable. Now, that option is not available making it difficult for the importers.
8. It is not clear how the scan containers are marked by the department or the system. For instance, in a particular port, the percentage of scan containers checked is around 80%, irrespective of AEO Tier Status, and in some other ports, it ranges from 10% to 20%.
 9. PIMS has been introduced from 01st October. The intended purpose is to monitor and curb the 'Others' category of HSN. However, the time limit to register has been fixed as not earlier than the 75th day and not later than the 5th day before the expected date of arrival of import consignment, which increases the burden to the importer if the registration is missed out.

Delays caused in clearances is hampering the business continuity and creating a hurdle in enabling "Ease of doing business".

Therefore, **we request you to take the cognizance of the matter and try to look into the a few suggestions as follows:**

1. There should not be repeat queries on same type of product/ HTS code and FAGs must refer to the earlier cleared BOEs before raising technical queries
2. Only if there is a fresh technical query, which has not been addressed earlier, which may have the effect of change in classification as per FAG, they can immediately ask for 100% examination so that time is saved in 3 queries and then further again 100% examination.
3. Reasoning should be given for the query by FAG. This would help Importer to know the exact requirement. Unrelated general queries like where there is no requirement of BIS, WPC, IPR, etc. should be avoided by asking specific requirement and that too if that particular requirement is applicable for that product.
4. To avoid delay in clearing, an importer may be given facility to clear under protest immediately after the first query and the importer may be issued speaking order immediately in order to go ahead with the process of appeal.
5. If unnecessary duplication of work due to the portal's technical issues get resolved, then the system can function efficiently.
6. There should be Transparency in container scanning or the methodology of container scanning, which should be applied centrally in all ports, like for a particular company x% of containers/items randomly picked in a particular shipment. Also, AEO Status holders need to be given some advantage while fixing the percentage level.
7. In PIMS, registration, we would like to draw your kind attention to the challenges faced by the industry while Importing Papers via Air mode. Sir, as you would appreciate that usually urgent orders are imported via air mode with very quick turnaround time, which takes 1 or 2 days to reach India from the rest of the world, thus, it is difficult for an importer to register under PIMS during the stipulated timeline.

- a. Providing details under PIMS for import shipment by air mode may create further delay of clearance in Import shipment via air mode and heavy detention cost to importers and not to mention the delay in delivery of product on time as committed to Vendors.
- b. We would also like to mention here that a similar clarification was issued by CBIC in case of Amendment in Import policy of Iron & Steel vide Circular No. 38/2019-Customsⁱ dated 21st November, 2019, where it was clarified that “SIMS registration will not be applicable on air-freighted goods as this mode is used for emergency/small volume-high value goods required at short notice.”
- c. Industry Ask on PIMS
 - i. In view of the above, we request your good office to exempt the clause for compulsory registration under Paper Import Monitoring System (PIMS) for import of shipment “intended for non-commercial aspects” by Air mode to enable ease of doing business for the industry.
 - ii. Also, the intended purpose of PIMS is to monitor and curb the 'Others' category of HSN. However, the time limit to register has been fixed as not earlier than the 75th day and not later than the 5th day before the expected date of arrival of import consignment, which increases the burden to the importer if the registration is missed out. As it is only to monitor the import of paper and other related goods, therefore we request to allow registration at any time before the clearance of the consignment in case of import via “sea mode”.

We look forward to your favourable consideration of our request.

With regards,



Col. AA Jafri, Retd.
Acting Director General - MAIT

CC: Shri R Ananth, Dy. Secretary – Customs, Ministry of Finance

ⁱ <https://www.cbic.gov.in/resources//htdocs-cbec/customs/cs-circulars/cs-circulars-2019/Circular-No-38-2019.pdf>