



Customs Automation Initiatives

CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS





संजय कुमार अग्रवाल
अध्यक्ष
Sanjay Kumar Agarwal
Chairman

75
आजादी का
अमृत महोत्सव



सत्त्वमेव जयते



भारत सरकार
वित्त मंत्रालय
राजस्व विभाग
केन्द्रीय अप्रत्यक्ष कर एवं सीमा शुल्क
Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes & Customs



Harnessing global trade potential to optimum levels is key to economic growth for India. In this regard, CBIC has been at the fore front as facilitator and has taken steps to ensure smooth international trade. Continuing this legacy, some recent initiatives have been rolled out or planned to be implemented in near future to provide seamless and secure trading environment.

By embracing automation and leveraging cutting-edge technology, CBIC is dedicated to optimizing operational efficiency, promoting transparency, ensuring a people-friendly administration and fostering a more user-friendly ecosystem for businesses engaged in cross-border trade. Our initiatives span from extending export benefits to the digitization of customs procedures, all of which are designed to further trade facilitation and streamline the overall trading experience.

I invite businesses, traders, and industry associations to collaborate with us on this transformative journey, as we strive to build a more efficient and business-friendly customs ecosystem. Feedback and partnership of trade and industry in this regard are crucial as we strive to modernize customs operations and enhance compliance standards. Together, we can build a more efficient and business-friendly customs framework that will drive economic growth and elevate the trading landscape for all.

I extend my gratitude to all stakeholders for their unwavering support and partnership. Together, let us work towards enhancing trade facilitation, promoting economic development, and achieving our shared goals of prosperity and success.


(Sanjay Kumar Agarwal)





सत्यमेव जयते

सुरजीत भुजबल भा.रा.से. (सी.शु.एवं अ.क.)
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The Central Board of Indirect Taxes and Customs, is a key player in cross border cargo architecture and has, over the years, endeavored in ushering in innovative practices for facilitation of the same, in a seamless and secured manner. Embracing the technological era, CBIC has embarked on a journey to harness automation and innovation to drive operational excellence and leverage technological advancements to create a more transparent, predictable and facilitative ecosystem for businesses engaging in cross-border trade. These include initiatives for extending export benefits and digitilization of Customs procedures and processes, which have furthered Trade Facilitation and Ease of Doing Business.

The recent past has witnessed some good initiatives like module for Drawback disbursement through Public Finance Management Systems, Customs System enablement for post Export General Manifest amendment of Shipping Bills, implementation of automation modules for Warehousing, launch of revamped version of ICETAB and implementation of Sea Cargo Manifest & Trans-shipment Regulations (SCMTR). Further, much in the recent days has witnessed/going to witness shortly in future - launch of automation initiative for export benefits for the ecommerce courier services, automation in Customs Refund, a significant e-bond and e-bank guarantee roll out and modules for IGST refund automation for exports through Postal mode and foreign exchange rate automation, re-emphasizing our strong commitment for responsible and responsive cross-border trade administration.

We are aware that there are further areas to be attended to and am confident that CBIC will be effectively delivering on the same. I take this opportunity, in placing on record appreciation for all stakeholders as well as the concerned officers from the CBIC, including the Directorate General of Systems. These initiatives signify our unwavering dedication to fostering a business-friendly environment in the larger perspective of growth of the economy.

September 26, 2024


(Surjit Bhujabal)





अरुणा एन गुप्ता
विशेष सचिव एवं सदस्य

Aruna N Gupta
Special Secretary & Member



सत्यमेव जयते

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In an era driven by digital transformation, CBIC prioritizes innovation to enhance operational efficiencies and ensure optimal transparency within customs procedures. Through newly implemented modules various aspects of our operations are being re-engineered using automotive technologies. Our latest initiatives in this regard include groundbreaking PFMS-driven drawback disbursement which has enhanced transparency in the process. Post EGM amendment system for shipping bills, and automation tools for warehouse management, among others are in the pipeline.

These pioneering initiatives reflect our dedication to streamline processes and create a more conducive environment for global trade participants. By introducing automation in exports via courier services, facilitating customs refunds, implementing e-bond and e-guarantee mechanisms for IGST refunds, and upgrading key platforms like ICETAB, we are paving the way for smoother operations and improved ease of doing business.

Our commitment to supporting international trade activities remains unwavering, and we are confident that these technological enhancements will significantly elevate efficiency levels and bring added transparency to customs operations. We believe these developments will positively impact all stakeholders involved in trade activities and contribute to a more seamless business ecosystem.

New Delhi, 26th September, 2024

(Aruna Narayan Gupta)

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EASING BUSINESS FINANCE DRAWBACK



Overview

Duty Drawback is a trusted and time-tested WTO compliant scheme which ensures that exports are zero-rated and do not carry the burden of the specified taxes. In this regard, it rebates the incidence of Customs and Central Excise duties, chargeable on imported and excisable material respectively when used as inputs for goods to be exported.

All Industry Rate of Duty Drawback u/s 75 of Customs Act 1962, is popular among exporters and mostly preferred by medium and small exporters because: it is a simple mechanism for grant of Duty Drawback based on the shipping bill declaration, without requiring additional documentation; it involves end-to-end electronic processing of Duty Drawback; Disbursal of Duty Drawback directly to exporters' accounts helps to free up working capital for exporters; There is no need for producing separate documentary evidence regarding realisation of export proceeds for initial grant of duty drawback amounts.

Drawback – Past Journey

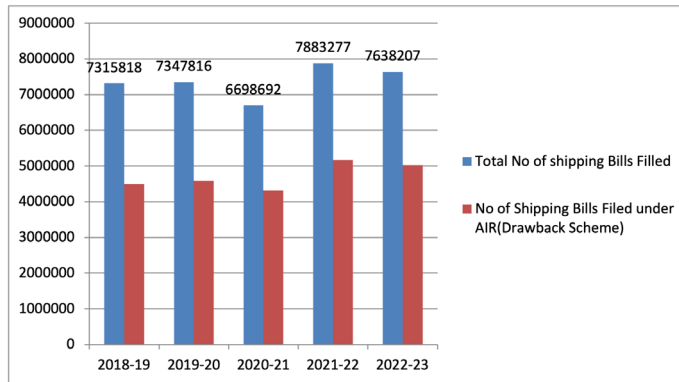


Figure 1- Number of Shipping Bills filed with Claim of Duty Drawback

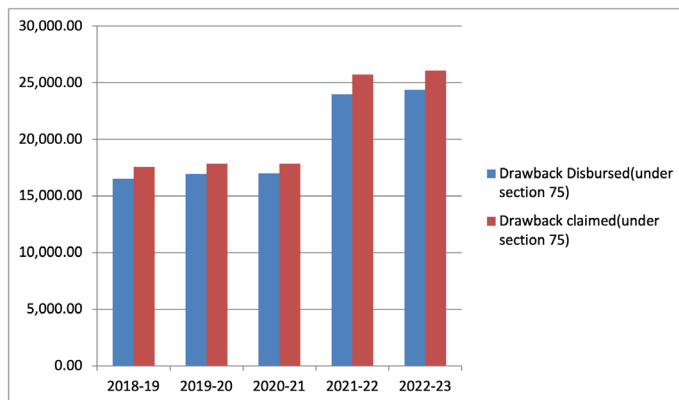


Figure 2 - Value of Exports under claim of Drawback

Process Re-engineering - Module for drawback disbursement through PFMS

Earlier, after export, duty drawback amounts were disbursed through a hybrid system involving automated component for approving duty drawback amounts followed by manual process of disbursement of the same through a nodal bank – which receives the amount from Customs formation through a cheque.

The mechanism for disbursement of duty drawback amounts has been reengineered to phase out manual interventions in the process. Thus, with the re-designed process drawback payments get credited directly into the exporters' accounts linked with PFMS (Public Finance Management System).

Module for enabling the re-engineered process has come into effect on 5th June 2024. Pr CCA and Drawback Division have issued relevant instructions in the matter. It is expected that this will reduce the time currently taken for drawback disbursements, thereby enhancing trade facilitation and ease of doing business.

Salient Features of the new mechanism



Figure 3 - Salient Features of Re-engineered Duty drawback Disbursement through PFMS

MAKING AMENDMENTS EASY- POST EGM AMENDMENT OF SHIPPING BILL



Overview

EGM in export trade means Export General Manifest. Once exported cargo crosses the border of the country, 'export' is said to have taken place and the said goods are treated as 'export'.

EGM is the document which is to be filed by airlines/shipping lines on the Customs Automated System (CAS) declaring the consignments along with the relevant particulars like shipping bill number, Airway Bill Number and number of packages which have been loaded in the aircraft for taking these out from India. However, there may arise circumstances necessitating amendments in the shipping bill after the goods have left the country and EGM has been filed. Such amendments are presently to be processed and decided offline through manual processes.

Manual Legacy to Digital efficiency - Module for post-EGM amendment of Shipping Bills



Presently, any post-EGM amendments of shipping bills do not get captured on Customs Automated System (CAS) which creates a gap between the final shipping documentation and that recorded and maintained on CAS.

To ensure that the CAS records the entire journey of the shipping bills, all amendments thereto will be enabled on CAS. This will help in tracking the changes and provide the latest version of the export documents to the field formations. It will also eliminate the need to create physical documents manually and thus enhance transparency.

Underlying system aspects related to extent and methodology to be adopted for enabling post-EGM amendment to shipping bills, in the light of provisions of the Customs Act, rules and regulations thereunder, is under finalization.

This will help trade as well as enforcement agencies to gain access to authentic, complete and correct export documentation.

Automation of post EGM Amendment - Impact

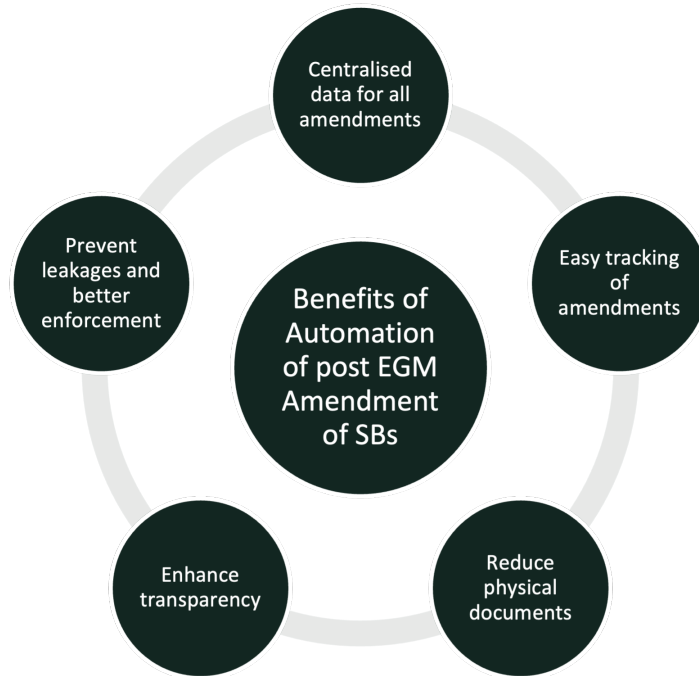


Figure 4 - Expected Impact of Post EGM Amendment Module

STREAMLINING STORAGE-WAREHOUSING



Overview

There are instances when the importers may choose not to clear imported goods immediately due to factors such as market price, saleability, factory requirements or financial constraints. In such cases, importers may opt to warehouse such goods until required. Some imported goods are also warehoused for supplies to EOUs/EHTP/STP/SEZ units. Goods imported for sale in Duty Free Shops at International Airports are also warehoused before being sold to international travellers.

To address such needs, the Customs Act, 1962 provides specific provisions that allow warehousing of imported goods without immediate payment of Customs duty as outlined in Chapter IX of the Act.

Currently, a bonded warehouse licence application is processed in manual mode. Further, warehousing related processes such as movement of goods between warehouses and submission of monthly returns by warehouse licensee, are not captured in the Indian Customs EDI System. This reliance on paper based

processes results in submission of large volume of documents making the process inherently time consuming and opaque. To enhance ease of doing business for Customs Bonded Warehouses, CBIC has introduced following digital modules to streamline the processes.

Custom Warehouse - New Features Added



Figure 5 - Features Incorporated in the Customs Warehousing Module on CAS

With the launch of National Logistics Policy, 2022, there has been an increased focus on enhancing efficiency in service processes, digital systems and regulatory framework. One of the targets of National Logistics Policy is to reduce cost of logistics in India to be comparable to global benchmarks by 2030. Improvement in warehousing being one of the focus areas in achieving that target launch of these modules, is one step in that direction.

Automation in workflows:

All processes from application and grant of warehouse license to inter-warehouse transfer of goods and their monitoring will be transitioned from current manual systems to digital mode. The module will track and maintain record of materials imported under an into-bond bill of entry, including their current location and ownership details through the successive transfers to different warehouse and/or owners. It will also precisely monitor movement of goods in and out of a warehouse, thus facilitating filing and processing of monthly returns.

REINVENTING EFFICIENCY & CONVENIENCE- WAREHOUSE LICENSING MODULE



Online application processing for obtaining customs warehouse license

To eliminate manual interventions and bring in greater transparency in the processes and expedite the overall process, in respect of the Customs Bonded Warehouses, CBIC will implement a Warehouse Module on ICEGATE to enable - online filing of application for obtaining a Warehouse License. CBIC has initiated the task of complete automation of all customs warehousing processes, including the processing of obtaining Customs warehouses license. This will be an improvement over the existing licensing process which in terms of the relevant Warehousing Regulations read with Circular 26/2016-Customs dated 09.06.2016, as amended, prescribes a manual application Form for obtaining a license for a Customs. This process has now been digitized wherein the authorised signatory of an applicant can log in to the ICEGATE portal and submit the application online along with accompanying documents. The application once submitted would be received by the proper officer linked to the Customs jurisdiction filed by the applicant. The application will then be processed by Customs at the back-end.

This module is under advanced stages of development/roll-out and is undergoing Security as well as User Acceptance Testing (UAT).

Simplifying Warehouse to Warehouse Transfers:



Online filing facility for warehouse –to-warehouse movement of cargo:

With the increasing complexities in supply chain, warehouse to warehouse movement of goods has grown substantially. The documentation process for such cargo movements, which is currently done manually, will soon be automated and integrated to customs system.

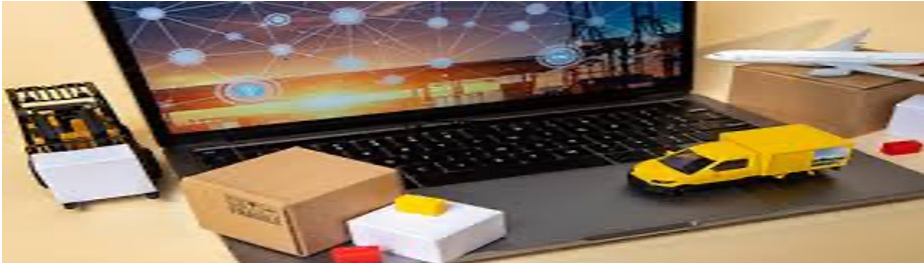
For transfer of warehoused goods from one warehouse to another warehouse or person, the automated workflow will handle all aspects electronically, including recording details of seller and buyer, validation and reconciliation of quantity and value of goods, uploading bond details by the buyer, processing of request by the proper officer.

This module will also track and maintain record of any material imported under an Into-Bond Bill of Entry, capturing location and ownership details through successive transfers to different warehouses and/or owners. It will also monitor goods flowing into and out of a warehouse in precise terms, thus facilitating filing and processing of monthly return.

Digitization of this paper-based process presently requiring physical interface is intended to reduce delay, enable systemic reconciliation of cargo across warehouses and ease compliance.

Technical implementation of the module is in advanced stages and is expected to be rolled out shortly.

Monitoring Mechanism - Warehouse monthly return module



Customs Bonded warehouse mechanism is an efficient and cost-effective system for trade to store imported material without immediate payment of duty, deferring it until clearance, for home consumption or export. This also lends a competitive edge for export goods manufactured in a warehouse using duty deferred imported material. Given the nature of the system, proper record-keeping of all movements is a critical aspect, especially in view of the fact that as these records and returns are currently in offline mode.

To streamline reporting process, the warehouse module will enable uploading scanned copies (in PDF format) of Monthly Returns on ICEGATE. Also, corresponding officers will be able to download these scanned documents for further action. This would ensure greater uniformity and accountability in receipt and scrutiny of monthly returns replacing the existing method of physical or email based filing methods. A web-based facility for monthly return will be introduced in Phase-2.

Instructions in respect of these returns on ICEGATE for trade and officials will be issued shortly.

TRADING BEYOND BORDERS- EXPORTS THROUGH COURIER



Overview

Imports and exports through courier are becoming increasingly popular. At present courier clearance under electronic mode are governed by the Courier Imports and Exports (Electronic Declaration and Processing) Regulations, 2010. The courier goods are cleared through a fast-track basis on observance of simple formalities by courier companies. Examination of parcels is kept to the minimum and clearance is allowed on the basis of selective scrutiny of documents.

Duty, where leviable, is paid by the courier company on behalf of importers/ exporters before taking delivery of the parcels. The facility of imports and exports through courier mode is allowed only to those courier companies which are registered by the Customs.

Courier parcels are normally carried by passenger/ cargo aircrafts. In case of clearance through Land Customs Stations (LCS), other modes of transport are used. In either case, an Express Cargo Manifest or Courier Import Manifest is required to be filed.

Courier Shipments - Trends

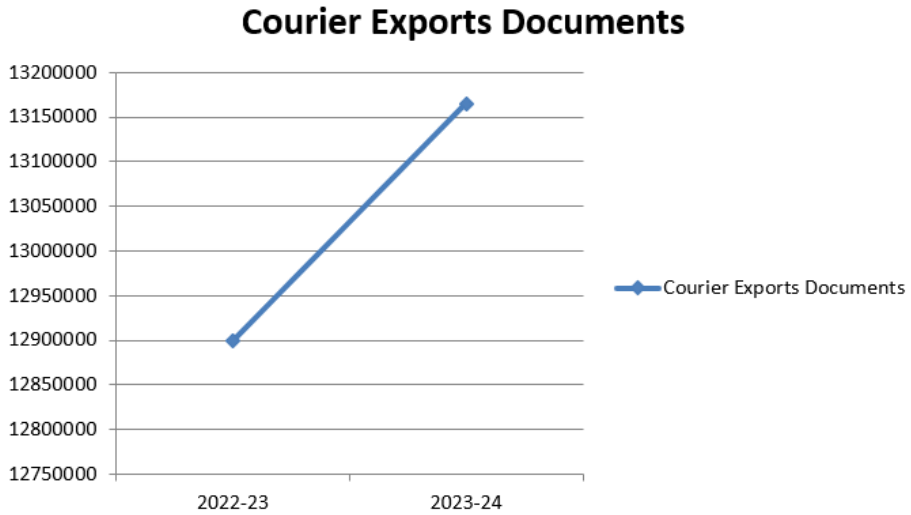


Figure 6 - Number of Shipping Filed for Export Through Courier Mode During 2022-23 and 2023-24

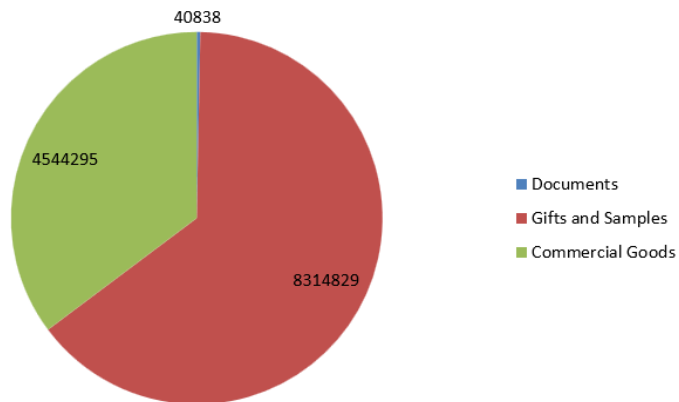


Figure 7 - Category wise break-up of shipping bills filed for export through Courier mode during 2022-23

Breakup of nature of goods during FY 22-23

Fy23-24 Courier Documents Filed- Breakup Category wise

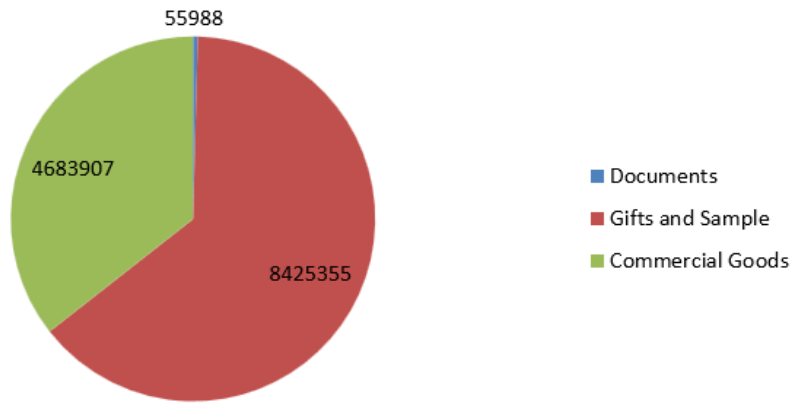


Figure 8 - Category wise break-up of shipping bills filed for export through Courier mode during 2023-24

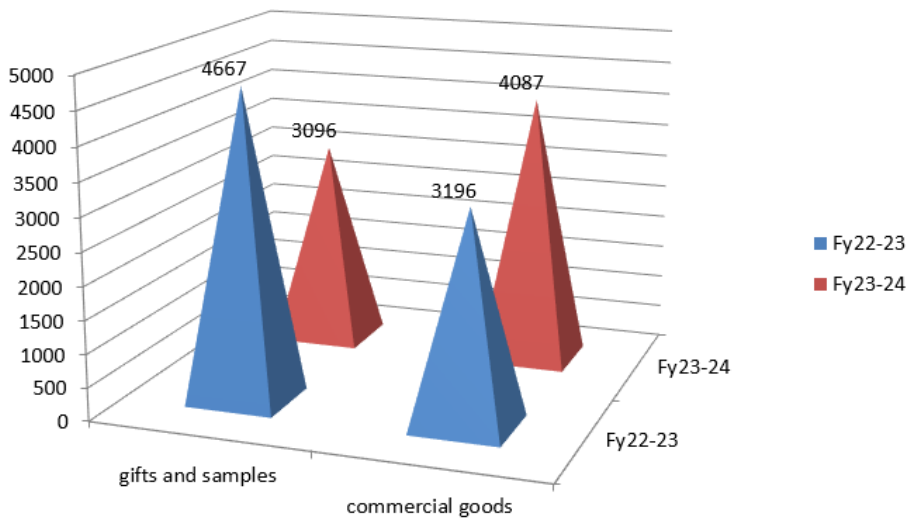


Figure 9 - Total assessable value of goods exported through Courier mode [in Crs]

MOVING FORWARD - ENABLING DUTY DRAWBACK & REMISSION OF TAXES FOR EXPORTS THROUGH COURIER EXPORTS



Extending rebate / remission to Courier exports

As a trade facilitation measure, it has been decided to extend to export benefits (viz: Duty Drawback, RoDTEP & RoSCTL) for courier consignments, for which relevant legal provisions have been amended suitably.

According to the Foreign Trade Policy 2023, India's e-Commerce export is estimated to reach \$200-\$300 billion by 2030. The consignment wise cap on e-commerce export through courier has been raised from Rs. 5 Lakh to Rs. 10 Lakh. In view of the expected increase in e-Commerce export, modules for export benefits through courier exports have been prepared and live testing started in September, 2024.

Automation review

As a step to roll out this initiative along with legal enablement, CBIC has allowed filing of shipping bills on ICES in respect of courier consignments intending to avail export benefits. Necessary modifications have been made in the Customs Automated System to allow filing of Shipping Bills by the authorised couriers on the basis of their existing Courier Registration Number.

Duty Drawback and remission of various taxes/levies etc. under RoDTEP/RoSCTL will go long way in making e-Commerce exports competitive and thus enhancing overall exports for India.

NAVIGATING INTERNATIONALLY - POSTAL EXPORTS



Overview

Facility for import and export of goods by Post Parcels is provided by the Postal Department at its Foreign Post Offices Customs facilities for examination, assessment, clearances are available at these post Offices. In addition, collection of export parcels is facilitated at designated post offices known as Dak Niryaat Kendras (DNKs). For enabling collection of export parcels at DNKs and their processing for customs clearance on an electronic platform, CBIC has issued the Postal Export (Electronic Declaration and Processing) Regulations, 2022 in December 2022. Through these measures, postal exports have gained in value and volume.

A manual procedure for IGST refund to postal export was prescribed in Circular 14/2018-Customs. Similarly, a manual procedure for duty drawback is available in the extant Drawback Rules. In order to automate the facility of IGST refunds for goods exported through DNKs, the integration of DNK portal with ICEGATE, EDPMS and PFMS has been successfully established. However, the process of Duty Drawback, RoDTEP and RoSCTL are yet to be brought on electronic platform and automated.

Postal Exports – In numbers

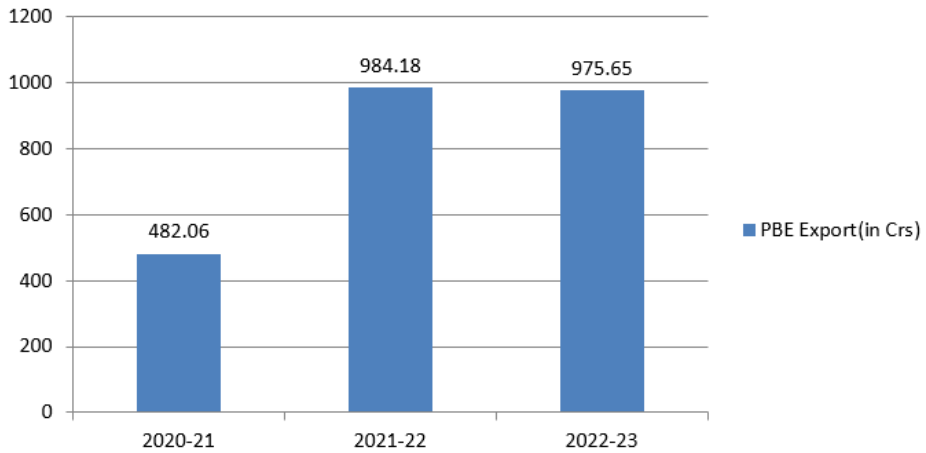


Figure 10 - Value of goods exported through Post [in Rs Cr]

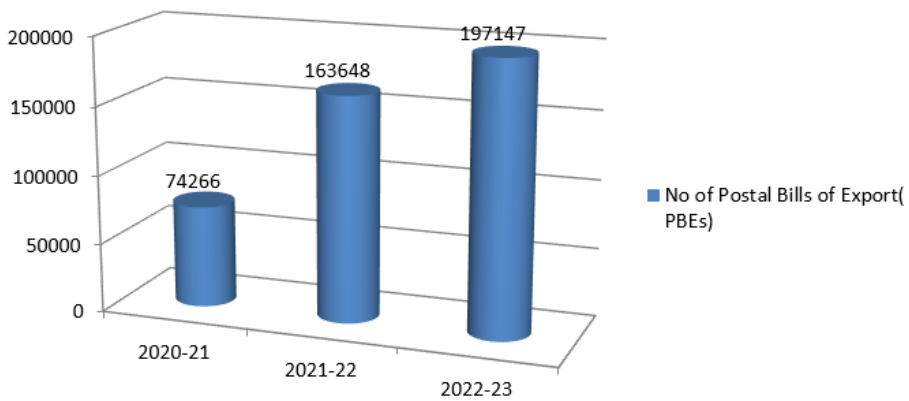


Figure 11 - No of Postal Bills of Export filed for export through Post

Revenue Realised (Foreign Post Office)

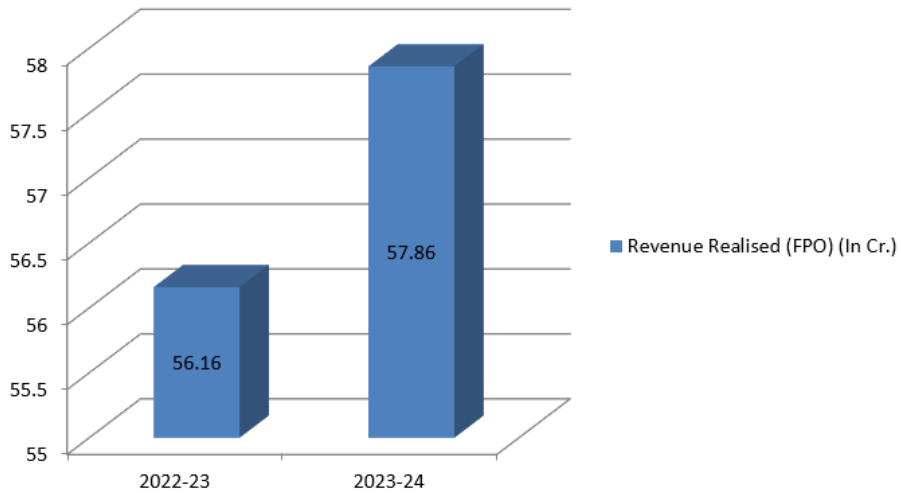


Figure 12 - Import Duties collected for goods imported through Post [In Rs Cr.]

Giving Post – the competitive edge

To enhance competitive edge for postal exports, it has been decided to automate the process of IGST refund to exports through post too. It has also been decided to extend the benefits of RoDTEP and RoSCTL to postal exports, and, in due course bring all such processes on electronic platform.

Seamless Refunds - Module for IGST refund through postal export



In order to automate clearances and enable exports from the remote parts of the country, the Postal Bill of Export (PBE) PBE Automated System was developed by Department of Posts (DoP) and the Postal Export (Electronic Declaration and Processing) Regulations, 2022 dated 09.12.2022 have been notified by CBIC. The regulations provide for electronic filing and processing of PBEs, and collection of parcels at booking post offices (DNKs) for clearance at FPOs. 1015 DNKs have been authorised so far in consultation with DoP.

With physical infrastructure in place, the modules for IGST refund on trial run has been tested successfully. DoP has informed that the launch of automated IGST refund has been implemented with effect from 17.09.2024.

EXCHANGE RATE MESSENGER/ INFORMATION MADE EASY- EXCHANGE RATE AUTOMATION MODULE



Overview

Value of imported goods or export goods is calculated with reference to the rate of exchange as in force on the date on which respective bill of entry or a shipping bill is filed. For this purpose CBIC notifies exchange rate for 22 currencies twice a month. Earlier the process of notifying exchange rates was manual and the rates were manually incorporated in the Customs system.

Technology enablement

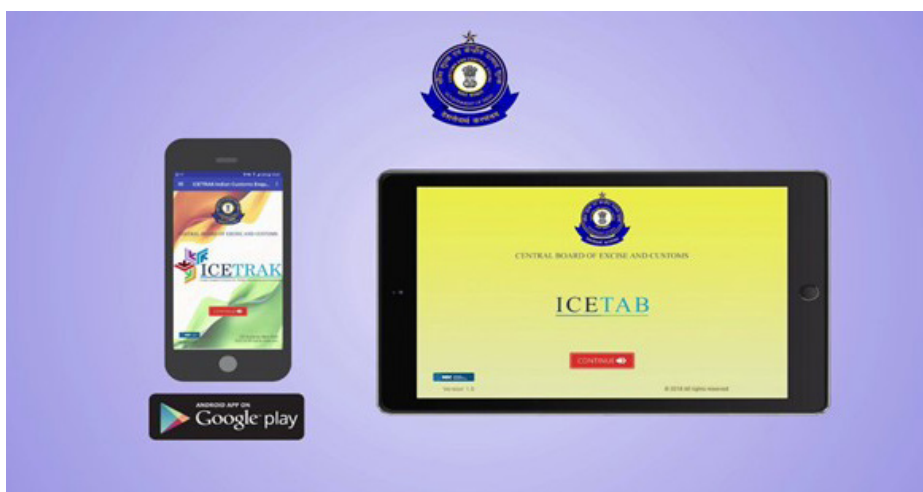
Leveraging technology for efficient Customs processes, the process of issuing exchange rates by CBIC has been automated to facilitate fast and transparent exchange rate notification mechanism and its dissemination to the trade.

The redesigned process forwards exchange rate data received from SBI to ICEGATE through an automated message exchange. These exchange rates are published on ICEGATE website twice a month i.e., on the evening of the first and third Thursday of the month becoming effective from midnight of the following day.

For instance, exchange rates published on the evening of 11th July 2024 will be effective from 00:00 hrs of 12th July 2024 and remain in force till the next revision. These rates will be duly stored on ICEGATE and will remain accessible for future reference, to enable a user to check the exchange rates for any previous date.

This module was implemented w.e.f. 4th July, 2024, as a trade facilitation measure.

PRECISION IN EVERY INSPECTION - LAUNCH OF REVAMPED VERSION OF ICETAB-ICETAB 2.0



Overview

CBIC has been taking number of initiatives to enhance Ease of Doing Business by introducing reforms which not only result in more efficient functioning but also make processes easier, paperless and faceless. In this spirit, one more reform is being introduced for making the customs process efficient.

Presently, once a cargo consignment is picked up for examination based on the risk based analysis, the examination is conducted by the Customs officer at the shed area where the consignment is stored. After examination of cargo, the officer return to his office where he can enter the examination report in the electronic system. This examination report is used by another Customs officer to release the cargo or any other customs process if so required.

Technology enablement

CBIC is now introducing ICETAB hand held device for Customs examining officers. ICETAB provides mobile access to the ICES application in the Customs

cargo sheds and shall enable Customs officers to enter examination report directly on the mobile device while they are moving in the shed area and help them submit their examination report and any other observation required for clearance of goods in real time basis. They will also be able to capture images of the cargo being examined.

ICETAB is equipped with sufficient digital infrastructure including High Speed Internet and a user-friendly interface. With the use of ICETAB, entire cargo examination process will be paperless and will improve the Customs cargo clearance efficiency.

REDEFINING JOURNEYS - SEA CARGO MANIFEST TRANSSHIPMENT REGULATIONS – 2018 AS AMENDED



Overview

The Sea Cargo Manifest Trans-shipment Regulations – 2018 (SCMTR) supersedes the earlier regulations of Import Manifest (Vessels) Regulations, 1971, Export Manifest (Vessel) Regulation, 1976 and Transportation of Goods (Through Foreign Territory) Regulations of 1965 (collectively referred to as the regulations).

The new Regulations stipulate change in timelines and requirements for advance filing by shipping lines (vessels) arriving in India and Exports through shipping lines (vessels) out of India.

Salient features of the Regulations are as under:

Covers reporting of all cargo in the ship rather than import/ export cargo (coastal cargo, same bottom cargo).

Seeks details about every cargo reported

Time of reporting is advanced to the port of departure.

- Ensure track and trace of the cargo reported.
- Includes features necessary for movement of vessel within India.
- Electronic capture of details sought manually through paper (Crew List etc.).
- Enhanced, Real Time information exchange.

Advance Informatics through SCMTR – the way forward

For effective implementation of SCMTR, extensive consultation and outreach with stakeholders has been done. The implementation of SCMTR will provide advance data to be utilised for improved facilitation and better risk based intervention.

This is also in line with the international best practice to enable pre-arrival processing, precise risk management for expediting processing of import and export clearance.

E Bond and E Guarantee

Central Board of Indirect Taxes and Customs (CBIC) has implemented a series of paperless initiatives aimed at streamlining trade processes in India, contributing to greater ease of doing business. These measures focus on reducing documentation, enhancing transparency, and speeding up customs clearance procedures. These steps contribute to improved trade facilitation by cutting down on delays, lowering compliance costs, and improving the overall efficiency of India's trade ecosystem. By adopting digital measures, CBIC aims to align with global best practices, enhancing India's competitiveness in international trade. In pursuance of this mission taking forward strides CBIC is moving ahead to implement E Bond/E Bank Guarantee and automating the existing manual refund process in Customs under Section 26 of the Customs Act, 1962 replacing requirement of physical processes.

2. E Bond and E Guarantee module replaces the current procedure of presenting physical hard copies of Bonds and Bank Guarantees before Customs Officers for various clearance processes. Currently, the Bond, in the form of notarized physical paper after paying suitable stamp duty is required to submit physically – transaction-wise - to the Customs Officers. At times, these Bonds are backed by surety or security in the form of bank guarantees, which are separately obtained from banks. Thus, the present process entails requirement of



physical presence at the Custom House including additional time and cost for the importers/exporters.

3. To reduce this compliance burden of being physically present CBIC has decided to implement electronic Bonds functionality in the automated customs environment. The Electronic Bonds Functionality in the Customs will have following features:
 - I. End – End electronic process of execution and management of Electronic Bonds including electronic storing of Bonds, Closure etc.
 - II. Electronic payment of Stamp duty applicable
 - III. Integration with Banks for the confirmation of Bank Guarantees and its management
 - IV. Business re-engineering to use single annual multi-purpose bond for all the Customs Purpose.
4. In this regard ICEGATE is developing the module, which is being launched by ICEGATE, DG Systems during September 2024. This will ease the cost and compliance for the importer.

Refund Automation in Customs

Currently, the process of claiming refund for duty paid by any person under section 27 of the Customs Act, 1962 is manual. The refund scenarios inter alia arise on account of any extra duty paid, refund of pre deposit, consequential refund arising out of any order, refunds from electronic cash ledger etc. Therefore, CBIC is automating the refund process in the custom digital environment.



The application for making refund will be available on ICEGATE, wherein applicants will be required to apply online to file their claim for refund along with the supporting documents. Refunds will be processed electronically through a centralized system, involving a centralized DDO (Drawing and Disbursing Officer) and integration with the PFMS (Public Financial Management System). The process will be completely automated. The refund will be directly sanctioned through the system without the need of involvement of any office. It will lead to following benefits for the taxpayer:

- a. **Faster Processing:** Once implemented it will ensure quicker processing compared to manual methods, leading to faster disbursement of refunds.
- b. **Transparency and Tracking:** Taxpayers can easily track the status of their refund applications online, increasing transparency and reducing uncertainty.
- c. **Reduced Paperwork:** The online process eliminates the need for physical forms and documentation, making the process more efficient and environmentally friendly.
- d. **Convenience:** Taxpayers can apply for refunds from anywhere at any time, without visiting tax offices or handling complex paperwork.

Automation of refund is being launched by CBIC during September 2024.



Notes



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