

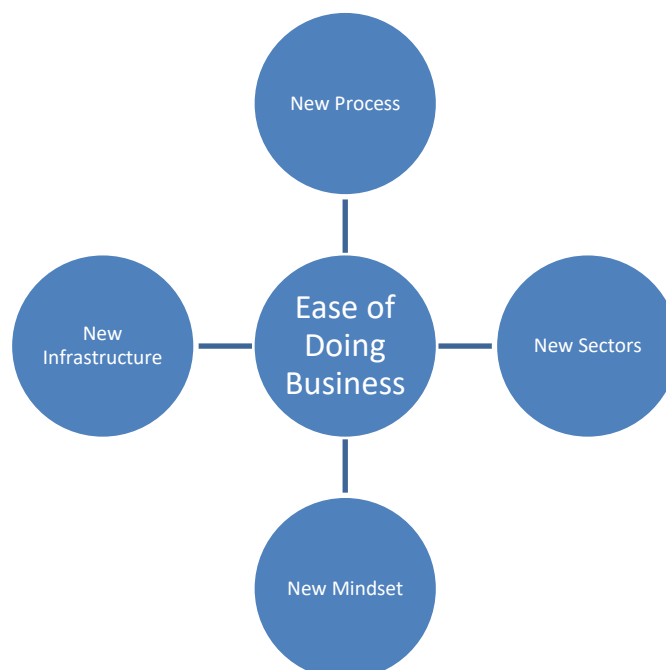
Ease of Doing Business [EODB],

The concept of ease of doing business is an index created by Simeon Djankov at the World Bank Group. Most of the countries in the world are adopting themselves to implement the EODB in their policies one or other way. One of such programme i.e. **Make in India implemented in India, directed towards Ease of doing Business.**

Make In India

It is an initiative launched by Prime Minister Narendra Modi on 25 September, 2014 to encourage national, as well as multi-national companies to manufacture their products in India. The main aim is to raise the contribution of the manufacturing sector by 25% of the GDP till the year 2025. It targets upto 25 sectors of the economy which ranges from Information technology (IT), Business Process management (BPM) and automobile etc with the main motto of job creation, foster innovation, enhance skill development and protect intellectual property.

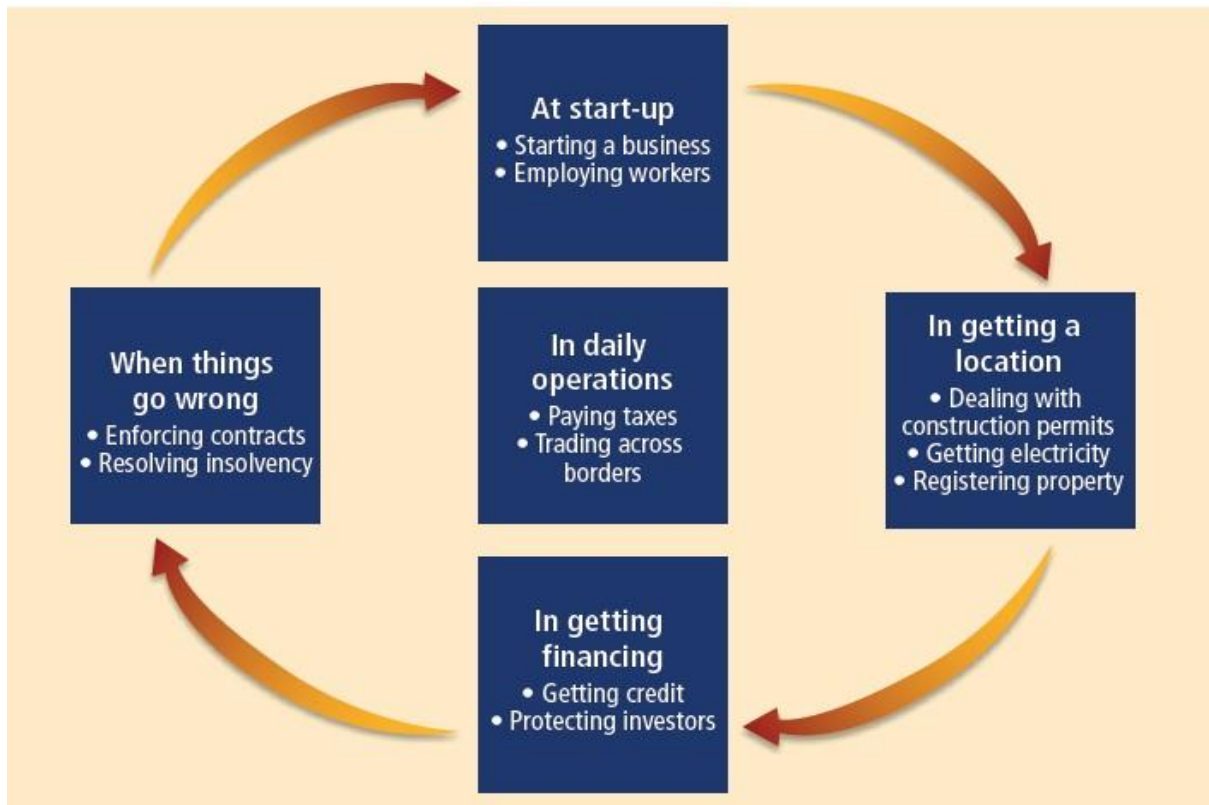
Pillars of Make in India



The diagram above clearly states how the pillars of the make in India campaign are directed towards easing out the process of doing business in India. Each pillar has its own way of contributing towards improving the EODB ranking of India. Firstly, under the new processes government has launched various reforms in getting FDI, foster business, alleviate the business environment from outdated policies and regulations due to these efforts it is aligned with the parameters of world banks index to improve India's ranking on it. Second, infrastructure is an integral feature of any country for a sound development. The government is focusing on developing smart cities with technology and high speed communication along with the development of infrastructure training of the skilled force for different sectors is also being addressed by the government. Third, Make in India campaign is focusing on 25 sectors for which it has issued various measures such as the government has allowed 100% FDI in railway, increased cap of FDI to 100% in defense and pharmaceuticals and remove restrictions in construction. Fourth, with the launch of Make in India campaign the government has a new mindset which intends to bring a paradigm shift in the way the government interacts with the industries. Its main focus is to act as a partner in the economic development of the country.

v] Initiatives Taken by the Customs: Bird's eye view:

- i. Rationalisation of tax rates
- ii. Simplification of procedures
- iii. Encourage compliance and early dispute resolution
- iv. Promoting online processes to reduce physical interface
- v. Optimisation of Risk Management System
- vi. Customer Centric Approach



Steps taken by Indian Customs for ensuring “Ease of Doing Business”

Various trade facilitation measures have been taken by Indian Customs in recent times. Some of the major initiatives include:

1. Facility of deferred payment

Customs, Deferred Payment of Import Duty Rules, 2016 have been notified to come into effect from 16.11.2016. Further, importers certified under AEO Programme (Tier-Two) and (Tier-Three) respectively have been notified for availing the benefit of these Rules. [Refer: Cir.No.52/2016-Cus, Noti. No. 134/2016-Cus(N.T.), Noti. No. 135/2016-Cus(N.T.)]

2. Introduction of Revised Authorised Economic Programme(AEO):

As a further step towards trust based compliance, Indian Customs has introduced the new Authorised Economic Operator(AEO) Programme wherein extensive benefits,

including greater facilitation and self certification, have been provided to those entities who have demonstrated strong internal control system and compliance with CBEC.

(Refer. Cir.33/2016-Cus)

3. Relaxation in Insurance cover/Bond/BG

Requirement of Insurance cover to be taken by Customs Cargo Service Providers (CCSP) in respect of goods stored in Customs Areas has been brought down from 30 days to 10 days.

Similarly, requirement of submitting a Bond equal to the value of imported goods stored in a Customs Area for a period of 30days has been brought down to 10 days. Due to this measure, the Bank Guarantee(BG) amount to be tendered was linked to duty of goods likely to be stored for 30 days. By reducing the period to 10 days, the BG amount would also come down thereby, reducing the transaction cost.

(Refer: Cir.42/2016-Cus)

4. Setting Up of Customs Clearance Facilitation Committee (CCFC)

High level administrative Committee i.e. 'Customs Clearance Facilitation Committee' (CCFC) has been set-up at every major Customs seaport and airport under the chairmanship of Chief Commissioner of Customs/Commissioner of Customs. Its membership includes the senior-most functionary of all the departments/agencies/ stakeholder at the particular seaport/airport. CCFCs have now been ordered to be set up for ICDs and Land Customs Stations.

(Refer: Cir.33/2015-Cus, Cir No. 44/2016-Cus)

5. Amendments in Warehousing provisions for introducing record based controls:

The department has made significant amendments in warehousing provisions to leverage the benefits of automation for facilitating trade and to enable the department to monitor the

permitted period for which goods remain in the warehouse. The amended provisions provide a single point for the importer or owner to seek extension of the warehousing period and pay duties online.

Major changes have been introduced with regard to the provisions related to Warehousing in the recent Budget. The system of physical control and locking of public and private warehouses by Customs is being dispensed and replaced with record based controls. The period of warehousing to be extended till de-bonding or consumption of goods in respect of EoUs/EHTPs/STPIs/Manufacturing Units under Customs Bond, such as ship building yards which shall reduce transaction costs and burden of documentation. Power for extending warehousing periods in respect of other classes of importers to be delegated to Principal Commissioner/Commissioner.

(Refer: Cir.No.21/2016-Cus to Cir. No. 25/2016- Cus.)

6. Indian Customs Single Window Project –Online message exchange

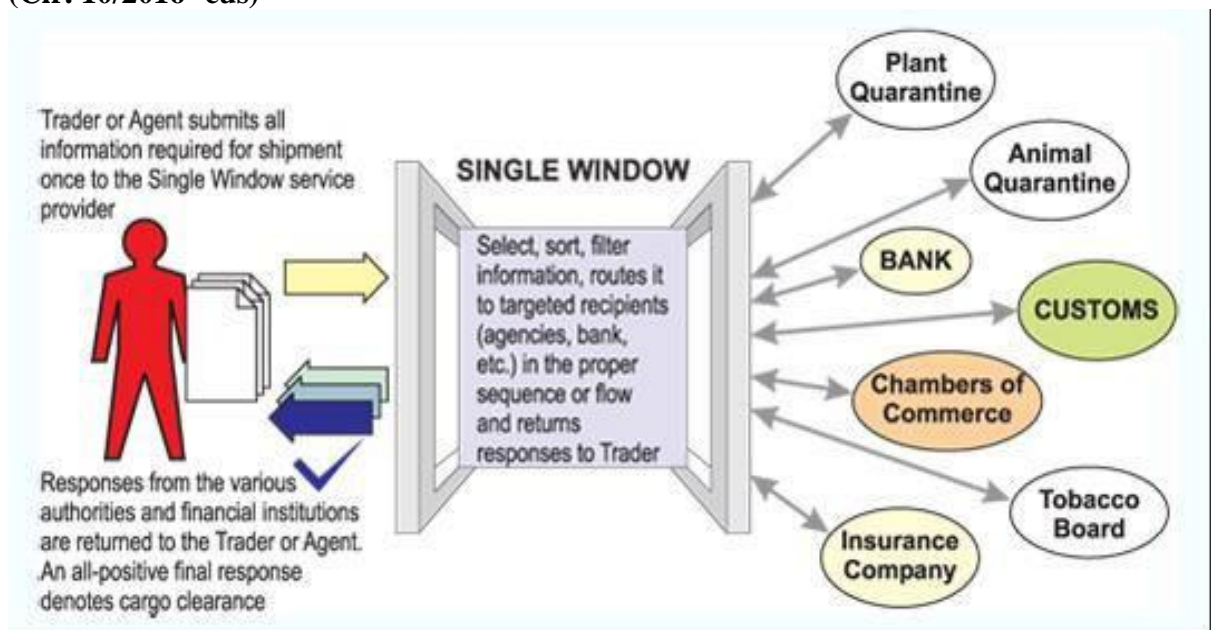
Indian Customs has introduced SWIFT (Single Window Interface for Facilitating Trade) for ensuring ease of doing business. The Customs SWIFT enables importers/exporters to file a common electronic 'Integrated Declaration' on the ICEGATE portal. The Integrated Declaration takes care of the requirements of Customs, FSSAI, Plant Quarantine, Animal Quarantine, Drug Controller, Wild Life Control Bureau and Textile Committee and it replaces nine separate forms required by the said 6 different agencies including Customs. With the roll-out of the Single Window, CBEC also introduced an Integrated Risk Management facility for Partner Govt. Agencies (PGAs), which will greatly expedite clearances from all concerned, channelize scarce resources and will further improve ease of doing business.

The Integrated Risk Management System will ensure that consignments are not selected by agencies routinely for examination and testing but based on the principle of risk management. It will also help participating agencies handle their respective risk areas (related to human and animal health, biosafety and environmental safety) more

effectively. With this development today, Indian Customs is amongst a few select countries that have functional Single Window clearances, inclusive of multiple PGAs and integrated risk based selection. Benefits of Single Window Scheme include:

- a. Reduced cost of doing business;
- b. Enhances transparency;
- c. Integration of regulatory requirements at one common platform reduces duplicity and cost of compliance;
- d. Optimal utilization of man power;

(Cir. 10/2016- cus)



7. Reduction in mandatory documents for imports and exports :

In order to simplify procedures to facilitate genuine trade, CBEC has reduced the number of mandatory documents and prescribed only three mandatory documents for general import/export. Packing list and commercial invoice has been merged into a single document for Customs purposes. Also SDF form required to be submitted along with shipping bill (export declaration) is no longer required. However, for import and export of special nature under preferential agreements etc, other documents may be required to be submitted by the importer/exports.

(Refer. Cir.No. 1/2015-Cus, Cir. No. 15/2015-Cus.)

8. Adoption of Digital Signature:

In order to encourage paper less working and dispense with the requirement of physical submission of documents 'Digital Signature' has been introduced for importers, exporters, airlines, shipping lines etc

(Refer. Cir. No.26/2015-Cus)

9. 24x7 Customs Clearance

CBEC introduced the facility of 24x7 Customs clearance in the year 2012 for 'facilitated' Bills of Entry and factory stuffed containers and goods exported under free Shipping Bills at **19 sea ports and 17 air cargo complexes**. The 24X7 Customs clearances have now been extended to all Bills of Entry (and not just facilitated Bills of Entry) at 19 seaports and 17 Air Cargo Complexes. Further, no MOT charges are required to be collected in respect of the services provided by the Customs officers at 24X7 Customs Ports and Airports.

(Refer Circular No. 01/2016-Customs & 04/2017-Customs)

10. Abolition of Mate Receipt

With the automation of Customs procedures, manual issuance of mate receipt for containerized cargo has become redundant and therefore dispensed with.

(Refer: Cir. No.56/2016- Cus)

11. : Reducing/eliminating printouts in Customs Clearance

With the aim of ease of doing business' and promoting paperless clearance, Board has decided to do away with routine print-outs of several documents including

GAR 7 Forms/ TR 6 Challans, TP copy, Exchange Control Copy of Bill of Entry and Shipping Bill, and Export Promotion copy of Shipping Bill.

(Refer: Cir. No. 55/2016- Cus)

12. The Courier Imports and Exports (Clearance) Amendment Regulations,2016

Several reforms have been initiated in Courier regulations including liberalization of norms for outsourcing and CSB form.

(Refer. Noti. No.142/2016-Cus(N.T.), Cir No. 59/2016-Cus)

13. National Committee on Trade Facilitation(NCTF)

NCTF has been constituted for implementation of WTO Trade Facilitation agreement. Its first meeting was held on 28-10-2016. The Cabinet Secretary and the Chairman of the NCTF, Mr.P.K.Sinha in his key note address stressed the need to continuously move towards higher standards of excellence so that the trade eco system becomes more growth oriented. He emphasized that since the TFA may become a binding Agreement shortly, India had to be in a state of readiness, especially for the Category 'A' commitments.

He summed up the significant areas of TFA as simplification of procedures, reduction in time and cost, augmentation of infrastructure and greater use of technology. He also directed that the Steering Committee, working under NCTF, will be co-chaired by the Revenue Secretary and the Commerce Secretary. 4 ad-hoc working groups have been formed under the aegis of Steering Committee on key areas of Outreach, Legislative changes, Time Release Studies and Infrastructure.

14. **Import Data Processing and Management System (IDPMS)** has been jointly launched with RBI to facilitate efficient data processing for payment of imports and effective monitoring.

15. **Email notification** service to importers for all important stages related to

import clearances has been initiated.

16. **Single Window Interface for Facilitation of Trade has now been extended to Export**

The online-release from Partner Government Agencies (PGAs) for exports has been implemented from 05/1/2017 onwards for CITES/ **wildlife items**.

(Refer- Circular No. 01/2017-Customs)

17. **Roll Out of Express Cargo Clearance System (ECCS) at Courier Terminal, Sahar Mumbai**

Express Cargo Clearance System (ECCS), an automation programme, doing away the manual filing of documents for clearance of Courier parcels, gifts and documents has been made operation at Courier Terminal, Sahar Mumbai w.e.f. 05.12.2016 on pilot basis. The ECCS would carry out automated assessment and clearance under Courier Imports and Exports (Electronic Declaration & Processing) Regulations, 2010.

(Refer Circular No. 58/2016-Customs)

18. **Amendments introduced in Customs Act, 1962 by Union Budget-2017 for “ease of doing business”**

With the aim to reduce the dwell time, **sub-section(3) of section 46** of the Customs Act, 1962 has been substituted thereby, making it mandatory to file a Bill of Entry before the end of the next day(excluding holidays) on which the vessel or aircraft or vehicle carrying the goods arrives at a customs station at which goods are to be cleared for home consumption or warehousing .A late charge for delayed filing of bill of entry has also been prescribed.

Changes have also been introduced in **sub-section (2) of Section 47** by virtue of which the importers now have to make payment of duty in the same day in case of self-

assessed bill of entry and in case of re-assessment or provisional assessment the importers have one day after the bill of entry is returned.

Further, **sub-section (2) of section 27** has been amended to allow a simplified regime of refund of customs duty paid in excess in specified cases by providing that such refunds shall be outside the scope of *unjust enrichment*.

(Refer: Circular No.12/2017-Customs dated 31.03.2017)

19. Streamlining of process of IGM amendment for import through sea

For streamlining and simplifying the process of IGM amendment in case of goods imported through sea route, Board has issued fresh guidelines for IGM amendment in order to ensure that all requests for amendment in IGM are disposed off within prescribed time limits. Further, all requests for minor amendments shall be decided administratively without recourse to adjudication or levy of penalty.

(Refer : Circular No.14/2017-Customs dated 11.04.2017)

20 WTO Trade Facilitation Agreement approved by Cabinet and ratification underway. Categorization of Articles under the Agreement has been notified to WTO.

21 INTRODUCTION OF eSANCHIT

The Single Window Interface for Facilitation of Trade (SWIFT) was initiated as part of the "Ease of Doing Business" initiatives to facilitate Trading Across Borders in India. The objective of the project is to allow importers and exporters a facility to lodge their clearance documents online at a single point without/ with minimal interface with regulatory authorities. One of the key initiative to facilitate online clearance at a single point, is paperless processing application i.e. e-SANCHIT.

eSANCHIT is an online application that allows a trader to submit

all supporting documents for clearance of consignments electronically with digital signatures. By using eSANCHIT, trader does not have to approach to different regulatory agencies with hard copy of the documents thereby making the entire process of consignment clearance faceless and paperless.

After implementing a successful pilot in October, 2017, e-SANCHIT has now been extended and made mandatory on import side from 1st April, 2018 at all the Customs EDI locations in the country. Till 12th April, 2018 total number of IRN generated are 770J79. (IRN stands for Image reference number, which is unique to each document.).

With eSANCHIT facility the need for paper documentation and consequent physical touch point for every stage of clearance has drastically come down. It has resulted in substantial reduction in time and cost. (Refer: Instruction No. 02/2018-Cus dated 07.02.2018)

22. Filing of declarations by importers, exporters, Customs brokers and manifests by shipping and airlines through digital signatures with effect from 01-01-2016.

Indian customs has started imposing a late charge for delayed filing of import declaration. Imposition of late charge has become possible by virtue of amendment of Section 46 of Customs Act, 1962 and amendment in Bill of Entry (Electronic Integrated Declaration) Regulations, 2011.

This has ensured that there is discipline among the trade and thus time associated with imports have reduced. As a result of these measures, advance filing of import declarations which were previously at just 10% improved drastically to 58.7% (8,663 BE) of the total import declarations (BE) examined in the first week of

January, 2018.

Of the 332 import declarations (BEs) pertaining to HS 8708 consignments, the majority (58.1%) had filed Advance import declarations (BEs) with an average release time of 60 hours. This is significantly lower than the estimate for imports recorded by the World Bank in Doing Business Report, 2018.

(Refer: Cir. 12/2017-Cus dated 31.03.2017)

23. PROMOTION OF DIRECT PORT DELIVERY AT JNPT

Direct Port Delivery (DPD) is a flagship scheme of Customs to reduce release time and cost. The scheme allows registered importers to complete customs clearances at the terminal itself and thus take the container directly to the factory (without proceeding to the Container Freight Station).

In majority of cases, the importers of auto-components are using DPD facility. The short release time of 59.21 hours, as evidenced by ICEGATE system logs, also evidences the high prevalence of Direct Port Delivery (DPD) among importers of the case study imports who have filed advanced bill of entry. This suggests that majority of the case study imports do not move from the port terminal to the CFS (which are located both inside and outside the port premises.) Instead, they are subject to customs clearances at the port premises itself where they are issued OOC (Out of Charge) and proceed to gate out from the terminal without moving to the CFS facility.

To further increase DPD coverage, Government has taken several other measures as listed below:

(i) "Default one-time intimation" was introduced, which will reduce time and provide ease. (Public Notice No 36/2018, dated

09.03.2018)

(ii) Discontinuing the requirement for physical copies of certain documents (OOC copy, delivery order issued by shipping line, proof of payment of stamp duty), presently being collected by Terminal Operators for DPD delivery from Port Terminal (Public Notice No 138/2017, dated 01.11.2017)

(iii) Further streamlining the procedure for execution / monitoring of "No Use Bond" in respect of clearance of containers involving NOC from Participating Government Agencies (PGAs) (Public Notice No 156/2017, dated 15.12.2017)

(iv) "Priority in verification of assessment for DPD importers to assist Port Terminals in early evacuation of containers so as to enhance overall speed and efficiency in clearance of DPD consignments. (Public Notice No 87/2017, dated 30.06.2017).

(v) In order to ensure availability of DPD to importers, Customs has introduced on wheel examination within the terminal area.

24. Special Valuation Branches:

The procedure for handling related party transactions and those involving special relationships completely revamped. Extra Duty Deposits waived and the provisions for renewal of SVB orders have also been dispensed.

The guidelines relating to valuation of second hand machinery revised. In order to achieve nationwide standardization, formats for certification by chartered engineers (Indian & Overseas) devised.

25. Temporary Imports for exhibitions:

Exemption notification issued for enabling temporary importation of goods for display/exhibition/demonstration. The requirement of ITPO certification dispensed. The revised process is simplified, predictable and reduces transaction costs.

26. Export Promotion (Drawback)

- a) 100% disbursal of Drawback electronically.
- b) Provisional payment of drawback to exporters pending fixation of brand rate.
- c) Full transferability of duty credit scrips to pay dues under all three indirect taxes.
- d) Exemption to payment of excise duty in the case of locally procured excisable goods against advance authorization, which shall improve cash flow of exporters.
- e) Owing to the difficulties faced by the trade in sealing of bulk cargo for exports under Bond, rules amended to grant exemption from self-sealing of bulk cargo for export.
- f) Electronic monitoring of export proceeds realization, which shall obviate need for submitting documentary evidence by exporters. As a measure of facilitation verification of export obligation discharge certificates limited to 5% cases.
- g) Installation certificates from private chartered engineers allowed.

27. PROMOTION OF AUTHORIZED ECONOMIC OPERATOR (AEO) SCHEME

The AEO programme seeks to provide tangible benefits in the form of faster Customs clearances and simplified Customs procedures to those

business entities who offer a high degree of security guarantees in respect of their role in the supply chain. The AEO programme has been revamped in the last year and it has received good response. The numbers of AEOs getting accreditation is increasing and is presently 700. Out of the 700 AEOs, 53 are registered under HS 8708 commodity.

On the basis of 14,973 bills assessed (for all commodities) , through ICEGATE system logs, in the first week of January, full facilitation level for the AEO import declarations (BEs) was 84.6% which was significantly higher than the average facilitation level of 60.2%. The average release time for AEO import declarations (BEs) for all commodities (including auto components) was 103.06 hours as against the release time of 144.18 hours for all import declarations (BEs).

Combination of AEO, DPD and advance filing of import declarations have significantly reduced the overall cargo release time in imports.

(Refer: Cir. 3/2018-Cus dated 17.01.2018 & Cir. 33/2016-Cus dated 22.07.2016)

28. REDUCTION IN TIME AND COST RELATED TO EXPORT BY DIRECT PORT ENTRY (DPE)

Direct Port Entry is a scheme of Customs to reduce release time and cost in case of exports. Under this scheme, export containers are allowed direct entry into the port terminal prior to granting Let export Order (LEO). This scheme was earlier available only in cases of Refrigerated Containers, Over Dimensional Cargo (ODC), Motor Vehicles, Perishable non-refrigerated cargo, AEO Tier-I/II/III status holders etc. Now this facility has been extended to all factory

stuffed export containers of all manufacturing entities. Currently the percentage of containers availing DPE facility at JNCH is 76%.

(Refer: Cir. 33/2016-Cus dated 22.07.2016)

29. Implementation of Electronic Sealing For Containers by Exporters Under Self Sealing Procedure:

In order to strengthen the Risk Management System and create a trust based environment where compliance is in accordance with extant laws, the Board has decided to simplify the procedure relating to factory stuffing under the supervision of the GST (Central Excise) officers.

The e-seal procedure was introduced to replace the earlier practice of supervised sealing by the departmental officers and to provide for use of e-seals in place of bottle seals by those who were earlier also availing benefit of self-sealing facility. It is a measure by which Customs have shown more faith in exporters stuffing containers at their premises.

Introduction of Self-sealing using RFID tamper proof e-seals in place of physical seals used earlier has also reduced the time associated with the clearance of export containers. It has also reduced the cost as for every supervised sealing exporters had to bear service charges of customs officers.

The data related to e-sealing is transmitted electronically to Customs through application. Till 12th April, 2018, 158,553 number of e-seals have been used by the exporters across the country. Out of these, 52,599 e-seals for self-sealing purposes have been used in Jawaharlal Nehru port.

(Refer: Cir. 36/2017-Cus dated 28.08.2017., 37/2017-Cus dated 20.09.2017., 41/2017- Cus dated 30.10.2017., 44/2017-Cus dated

18.11.2017. and 51/2017-Cus dated
21.12.2017)

30. Dispute Resolution

- a) Penalty provisions in Customs, Central Excise and Service Tax rationalized to encourage compliance and early dispute resolution
- b) Instructions issued to withdraw all cases in High Court and CESTAT where there is precedent Supreme Court decision, against which no review is contemplated.
- c) Pre show cause notice consultation mandatory at the level of Principal Commissioner / Commissioner in all the cases where duty involved is above Rs 50 lakhs.
- d) The requirement of mandatory audit of units with prescribed periodicity based on duty payment done away with. Now the selection of units done based on scientific risk parameters which also takes into account past track record of the unit. Further, concept of integrated audit implemented in all the three taxes- as against three separate audits being conducted
- e) Instructions issued specifying the threshold for filing of Appeals by the department as Rs. 25 lacs, Rs. 15 lacs and Rs. 10 lacs before Supreme Court, High Court and CESTAT respectively. This is expected to reduce appeals and help in de-clogging of indirect tax matters in courts and CESTAT.
- f) Proceedings against the co-noticees to close where the proceedings against the main noticee has been closed.

- g) Prosecution proceedings in cases older than fifteen years involving duty of less than Rs 5 lacs to be withdrawn.
- h) For early settlement of disputes pending in appeal before the Commissioner (Appeals) as on 1st March, 2016, payment of tax dues along with interest and 25% of the penalty imposed by the adjudicating authority has been prescribed subject to certain conditions.

31. Tax rates

- a) 13 cesses levied by other Ministries / Departments and administered by the Department of Revenue, where the revenue collection from each of them is less than Rs.50 crore in a year has been abolished
- b) Major concessions given to ship repair units and aircraft maintenance and overhaul operations
- c) Duty rationalization done in many commodities to avoid classification disputes and consequent litigation.

vii] Turant Customs:

In a bid to enter the top 50 ranking in The World Bank's Ease of Doing Business (EoDB) Index, the Customs Department has announced further reforms under the name of Turant Customs for speedy clearance of goods at air and sea ports. The next generation reforms spearheaded by the Central Board of Indirect Taxes and Customs (CBIC) will be a comprehensive package to be implemented in a phased manner in the next few months.

A critical component of EoDB index rankings 2019 is the 'Trading Across Borders' category in which India is ranked 80, as compared with 146 in 2018. This was possible due to reforms like Single Window Interface for Facilitating Trade, e-Sanchit (e-Storage and computerised handling of indirect tax documents), and Direct Port Delivery. This along with Authorised Economic Operator programme and RFID e-seal programme helped in reducing the time and cost of clearance of goods in various Customs ports.

Now, under Turant Customs, one of the major changes will be in Indian Customs Electronic Data Interchange System (ICES) 1.5 for clearance of imported goods after assessment and duty payment.

The officer concerned will now have access to a fully automated queue of Bill of Entry ready for granting clearance in ICES 1.5. This obviates the necessity of importers having to present the BoE number and date to the officer for clearance. So, the officer will be able to immediately provide clearance on the system. Turant Customs will reduce dwell-time by 6-8 hours. This will be critical for small operators and clients operating in just-in-time concept, said a leading freight forwarder.