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STANDING ORDER NO. 07 /2018

Subject: Implementation of the Risk Management System (RMS) in Exports –Local Risk Management System Administration at ICD, Pulichapallam-Reg

Attention of officers is invited to the Public Notice No.11/2018 and Standing Order No. 05/2018 dated 03.09.2018 issued in connection with the above subject. These instructions are to be read in conjunction with the said P.N. and S.O. They are meant for guidance of officers who are assigned the various roles and responsibilities in relation to local risk management in export and post clearance audit functions, and may be treated as confidential.

2. **Local Risk Management (Administration)** : The Additional /Joint Commissioner in charge of SIIB who is the LRM (Admin) for Import will continue to be the LRM (Admin) for Export in those locations where the SIIB is common for both Import and Export. The additional /Joint Commissioner (SIIB) of Export will be designated as LRM (Admin- Export) in those locations where there is separate SIIB for export. The DC/AC and the nominated officers working in SIIB will be given user ids and passwords in the LRM Export by the Systems Administrator of RMS Export. The users must change their assigned passwords in LRM by immediately logging and also keep changing passwords at regular intervals. In addition to handling the Targeting and Intervention activities assigned to them, all LRM (Export) users should also be vigilant about all such shipping bills which are getting facilitated and are being sent for LEO(Let Export Order) without any assessment or examination. Discrepancy, if any, found in respect of such bills should be immediately brought to the notice of the LRM (Admin-Export) for further action.

3. **Targeting in RMS (Export)**: The LRM Export users have the facility to insert Targets into the system. Using the 'targeting' feature of the RMS, it is possible to interdict consignments that match the particulars of specific

intelligence or alerts (called targets). The targets will match each Shipping Bill with respect to the logic inserted in the system by the user in the interface provided to him. In case there is a match, the RMS Export dashboard will display hitting results and action on the Shipping Bill will be based on the Targetor instructions. The targeting tool in RMS Export allows the Targetor to verify and improve upon his intelligence or information. The number of consignments the target is likely to select or shortlist can be estimated through an RMS feature called 'Impact Analysis'. Targets should be inserted carefully and in such a way that, as far as possible, clearance of compliant consignments is not held-up. Therefore, it has been decided to provide targeting facility in RMS export to a limited number of officers and a note of satisfaction of the 'proposer' and 'approver' of the target should be recorded on the system. The LRM system administrator (Export) shall designate officers as the target proposer and approver of the target. To the extent possible the Targetor should be the AC/DC or the AO/Superintendent and the approver should be the ADC/JC SIIB. The LRM users of RMS Export can view on their dashboards all the shipping bills hit by the targets inserted by them. It is emphasized that Targets can be *national*, i.e., applicable on Shipping Bills filed at all ICES locations or *local* i.e., applicable at particular locations only. Targets inserted by LRM-Export shall be applicable to the shipping Bills filed at the specific location only. It has been decided to give the power of inserting both national and local targets to the Directorate General of Revenue Intelligence (DGRI) and the Risk Management Division. It has been decided that DRI will enter the targets based on Alerts issued by DRI and these targets should not be entered again by the Local Risk Manager, to avoid duplication. SIIB section will analyze the intelligence gathered by officers and examine alerts received from various formations before deciding to insert any local target in RMS Export. A file shall be opened wherein justification for inserting a target will be given by the target proposer. The target approver with his remarks shall put up file to the Commissioner for approval, after which the target can be approved in system. All the officers must note that targets can hit accredited clients also. Hence due caution shall be exercised before insertion of the targets.

4. **Intervention in RMS Export** : Where there is no specific intelligence or information but there are known/suspected trends in export duty evasion, overvaluation or mis-use of any export incentive or violation, LRM users with the approval of the Commissioner can use the tool of 'Intervention' to check some or all consignments of a particular category of exports in order to check on the levels of compliance. The user is required to insert the percentage of bills matching the intervention criteria for selection. The intervention feature can also be used to monitor the quality of their declarations. Officers with the approval of the Commissioners of Customs can provide guidance to exporters and CHAs for improving the descriptions of goods, whenever they are not satisfied by the quality of declarations in the shipping Bills by using this tool. Like the targeting function, insertion of 'interventions' will also have to be used cautiously and sparingly. The RMS provides for a two stage process for creation of an intervention where the proposer and approver insert their remarks regarding the reason for inserting the intervention. The Systems administrator (LRM –Export) should designate officers as the intervention

proposer and another for approving the intervention. As far as possible the interventions should be approved by the ADC/JC SIIB with the approval of the Commissioner. The impact analysis tool must be used before insertion of intervention. Like targets, interventions can be national or local. The dashboard should be used to view the hits for the intervention inserted by the user. All the officers must note that interventions can impact accredited clients also. Hence due caution must be exercised before insertion of the interventions.

6. **Random selection of Shipping Bills**: The RMS subjects all categories of Shipping Bills to a random percentage of examination. The percentage of random will be monitored by Risk Management Division. Commissioners of Customs can however fix the random percentages for 'Interventions' inserted locally.

7. **Differences between Export Module and Import Module** : The following differences between the Import and Export Modules of RMS are brought to the notice of the officers for easy understanding of Export Module:

i. Three stage processing:

It is proposed that RMS will process the Shipping Bills at three stages namely

- a) On submission
- b) After every amendment till goods registration
- c) After EGM is filed.

However only the first and second stages are being rolled out now and the third stage processing will be rolled out subsequently.

ii. Dashboard visibility:

Unlike Import, the Export RMS Dashboard will not show the Shipping Bill details to LRM users immediately On Submission. The Dashboard will show the Shipping Bill details to the LRM users only after Goods Registration. Whereas for LRM Admin, the Dashboard will show the Shipping bill details immediately after submission of bills. Two RMS output link will be provided i.e. RMS out of charge for on-submission and RMS - out of charge at amendment stage. Amendment stage link will show the details of latest amendment.

iii. Sending the Shipping bill back for Assessment

iv. Assessment and Examination instructions:

Unlike Imports there will be two instruction boxes in Target / Intervention GUI for Assessment Instructions and Examination Instructions. In GUI, only for action status Send for Assessment and Examination, appraising instruction text box will be allowed while creating target/intervention, for rest it will be disabled.

8. RMS Export is designed so as to give the output on any shipping bill within a stipulated time limit, from the time of getting the bill from ICES. However, in the event of any problem with the RMS due to which shipping bills may take more than the specified time, the Bills will be automatically processed by the ICES in the normal fashion without any RMS instructions. In

all such shipping bills ,the officers must assess and examine as per normal ICES practice.

9. All the officers should note that apart from the designated SIIB officers at LRM Export, the officers working in the Directorate General of Revenue Intelligence (DGRI) and the Risk Management Division (RMD) are empowered to insert targets and Interventions. The RMS Export also gives the facility to the officers of the RMD to insert Risk rules and update the system's intelligence in the NRM which will update on every LRM online. The Shipping Bills in the ICES may be hit by any one or more of the targets, interventions, risk rules inserted by one or more officers in the NRM and LRM. The Officers and staff in assessment and examination sections will get on their screen the selected shipping bills along with the Targetor and intervener's instructions, Appraising and Examination Instructions specific to the rules hitting the SB and the Compulsory Compliance Requirements for the goods under export and the export promotion incentives/benefit claimed. The action in ICES shall be done accordingly.

10. It must be noted that the prime objective of the RMS is to enhance facilitation for compliant exporters and compliant consignments. Therefore, all officers, while being vigilant against abuse, must at all times act with a sense of responsibility and avoid doing anything that would cause undue delay or harassment to legitimate trade.

11. **Role of Additional/Joint Commissioners:** The dash board of the Local risk management system (Export) will be made available to all the Additional/Joint Commissioners. The shipping Bills being cleared in the custom house under the respective sections held by the Additional/Joint Commissioners shall be monitored using the dashboard. The data available on the dash board may be used to ensure proper implementation of RMS. Compliance to the Targeting, Intervention and Risk rule related instructions being sent to the officers shall be supervised using this tool. While viewing the dashboard they should be especially vigilant towards all the Shipping Bills which are not selected for assessment and Examination. Further, the Joint / Additional Commissioners in-charge of Exports shall select at random a few shipping bills daily pertaining to their section under their control and monitor compliance to RMS instructions. They should also play an active role in sharing their experiences with the Joint / Additional Commissioner in-charge of the LRM- Export in inserting Interventions/ Targets.

12. **Monitoring of Amendments:** The LRM (Export) should closely monitor amendments or changes being made in Shipping Bills after goods registration. They must bring to the notice of RMD the amendments which are happening after goods registration and also inform about those exporters who amend Shipping Bills frequently after goods registration stage.

13. **Feedback:** The process of Risk management is incomplete without feedback. Officers working on the LRM Export are advised that if any aspect of the RMS which in their understanding is either not suitable or seemingly out of context in respect of any shipping bill under their scrutiny, it should be immediately reported to the Local Risk Manager(LRM-Export) or the Addl/Joint Commissioner as the case may be. Such feedback shall be routed to the NRM through the office of Local Risk Manager -Export.

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