MAIT

EFFECTIVENESS OF FACELESS ASSESSMENT

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Major Custom Port wise Analysis to know "Is the Faceless Assessment Programme Effective in reducing the Dwell time in the Customs Clearance Process?"

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Executive Summary

Trade plays a significant role in any economy, especially after globalisation. The economies are ineffective or efficient in fulfilling their own country's needs and so depend on other countries who might be more efficient than them in a particular product. **(World Trade Organization (WTO), n.d.)**

In this way, Imports play a unique role in producing goods in an economy because some raw materials come from one country and the other intermediate goods come from different countries due to their comparative advantage in that particular goods. An important issue that makes an economy attractive from a business point of view is lower turnaround time in logistics with fewer compliances. While importing goods, customs clearance is a process which is essential but time-consuming and so hampers business continuity.

To mitigate this hurdle, the government of India came up with a programme in 2020 known as Faceless Assessment to reduce the customs clearance process time after the successful implementation of the programme significantly. **(Department of Revenue, Ministry of Finance, Government of India, 2020)**

This report focused on assessing the effectiveness of faceless assessment programs in reducing Dwell Time at the custom clearance process. The *hypothesis testing* is applied on the best representative sample ports to know whether there is a significant decrease in Dwell Time in the customs clearance process in the population (all ports). The difference in the average time before and after Faceless Assessment for the Green Channel shows the approximately normal distribution, so the *parametric test* is applied. On the other hand, the difference in the average time before and after Faceless Assessment for the Red Channel and the difference in the Red and Green Channels shows a skewed distribution, so a non-parametric test is applied.

The paired t-test for the Green Channel shows statistically insignificant results to reject the *null hypothesis*. Here, the *null hypothesis* states that the difference in average time before and after the Faceless Assessment is greater than or equal to zero (either increase or no difference).

The Wilcoxon rank test applied for the Red Channel to test the null hypothesis for the median time before and after the Faceless Assessment is either not equal or after the assessment median time is more than before. The result shows that the test is statistically insignificant. In the same way, the Wilcoxon rank test is applied for the difference in the Red and Green Channels to show that the median time before and after Faceless Assessment for the difference in Red and Green Channel Dwell Time is equal to zero. It shows that the data is *statistically insignificant* to state that the average difference is not equal to zero. Indirectly, it also states that the Faceless Assessment is applicable on both the Green and Red Channels with no advantage given to an Importer with AEO certification or any such advantage to importers in Green Channel.

The Government of India already knows that the Faceless Assessment was not providing effective results, but they do their best to make it effective. That's why the government periodically or at some interval check the programme's efficiency, like in July 2021 (after completing 1st year of implementing the Faceless Assessment). They found that there is a scope for improvement that will lead to an increase in the pace of assessment and customs clearance, more enhanced uniformity and anonymity to reduce interface with trade. **(Central Board of Indirect Taxes & Customs (CBIC), 2021)**

The Government brought a new plan to eradicate the Faceless Assessment Programme issues to make it more effective in August 2022, first discussed in July 2021. **(Central Board of Indirect Taxes & Customs (CBIC), 2022)**

It is required for both the Government and industry to stand together to make it more effective, and that is only possible through detailed discussion. An insightful discussion of MAIT with the ICT industry representatives (MAIT members) on this topic brings some light to the critical issues. Also, the conversation ends with a few key recommendations that will help to mitigate or at least help reduce the issues to some extent.

Two broad issues come up in the discussion, Technical Issues and Issues related to the Assessing Officer. For instance, if three queries

are raised by the Assessing Officer, and after replying to the query, another query is raised, which eventually increases the turnaround time. If still, the assessing officer does not agree then they instruct the concerned officer at BOE initiating port to go for even 100% inspection. The recommendation for this case, there should not be repeated queries on the same type of product/ HS code, and FAGs must refer to the earlier cleared BOEs before raising technical questions. Only if there is a new technical query, which has not been addressed earlier or which may have the effect of change in classification as per FAG, then they immediately ask for questions. If not clarified, then they will instruct immediately for 100% examination.

Both the Government and industry are doing their best, in their capacity, to make India a hub of manufacturing that will attract foreign trade and investments from the rest of the world. Also, directly or indirectly, it affects all of the current or potential policies related to production, exports, and others. So, it would be better to move together to successfully achieve goals individually at the firm level and cumulative at the country level.

Introduction

Trade includes exports and imports, where Exports of goods, in general, are considered goods sold in foreign countries after fulfilling the domestic demand. On the other side, the Imports of goods are imported from foreign countries to fulfil the domestic demand for the domestic country. In the case of imports, the final product or the intermediate goods are imported to sell in the domestic country or to create a final product using the imported product. The reasons to import finished or intermediate goods can be a cost disadvantage in domestic production, less capability, unavailability of resources, and many more. In this way, imports of goods play a role in both domestic production and exports. The best thing is that our government is supportive and continuously comes up with new initiatives to promote international trade and reduce barriers or compliances for international trade. Major initiatives by Customs to promote International Trade and reduce barriers or Compliances in Trade since 2017 are shown below in the Figure. **(Figure 1)**

Figure - 1: Major initiatives by Customs to promote International Trade and reduce barriers or compliances in Trade.

1. SWIFT for exports
2. E-SANCHIT
3. Filing BoE within next day
4. E-Sealing with RFID seals

1. Document Identification Number
2. Turant customs
3. Self-registration of goods post arrrival

1. Improvements in Faceless Assessment - Measures for expediting Customs clearances [Circular no. 14/2021]

2017   2018   2019   2020   2021   2022

1. E-SANCHIT mode mendatory
2. Statutory Framework to post clearance audit
3. Definition of assessment expanded

1. Automated clearance through Customs compliance Verification
2. e-OOC copy of BoE and e-Gatepass
3. Phase-I of faceless Assessment in Chennai and Bangalore Customs Zones
4. e-LEO copy of SB and e-Gatepass
5. Phase - II of Faceless Assessment - Pan India Rollout

1. Faceless Assessment - Standard Examination Orders through RMS - Phase 1, Part 1 - Implemented for Assessment Group 4 from 5th September 2022 [Circular no. 16/2022]

Faceless Assessment is one of the initiatives to reduce the time in customs clearance of goods at a lower cost. The faceless assessment is one of the three interrelated attributes of Turant Customs (Faceless, Contactless and Paperless Customs clearance processes). The official first phase of Faceless Assessment was launched in June 2020 for Chapters 84 and 85 goods in Bangalore and Chennai and extended slowly across HSN chapters and Ports in India. The Faceless Assessment rolled out at the pan-India level for all imported goods and all ports of imports in November 2020. **(All India Roll-out of Faceless Assessment, 2020)**

Figure - 2: Customs Clearance Processes - Before and After Turant Customs
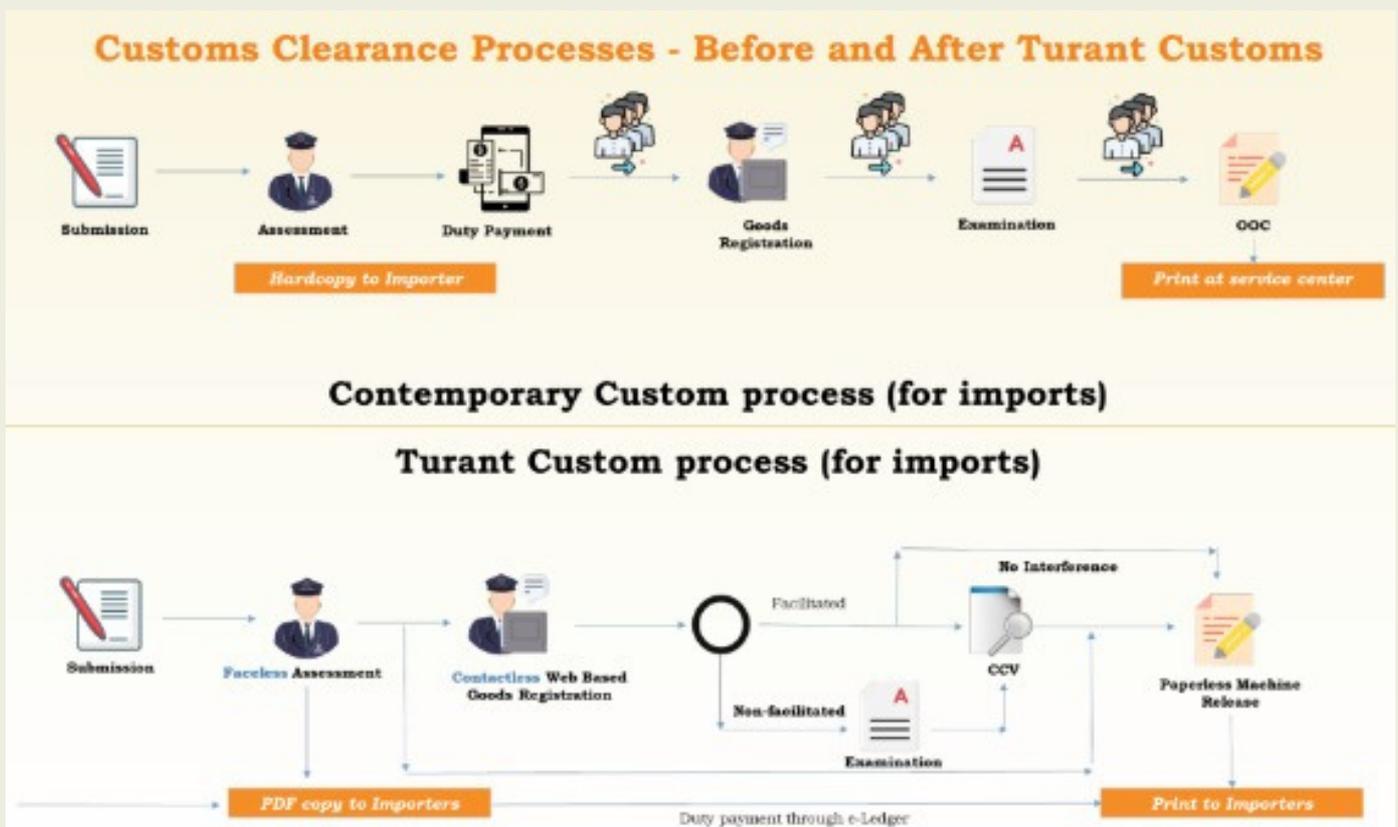
Source: (CBIC & Directorate General of Taxpayer Services, 2022)

Before the Turant Customs process was introduced, also known as the contemporary custom process, physical presence was essential, but after the Turant Customs process was introduced, physical presence was not required.

The faceless Assessment initiative at the time of launch in pan India was estimated to reduce release time significantly to a few hours, unlike the past scenario of an average of 3 to 4 days. **(Department of Revenue, Ministry of Finance, Government of India, 2020)**

Hypothesis

This report studies the effectiveness of the Faceless Assessment, which was, expected to reduce the total time taken after the faceless assessment programme was implemented successfully from the Arrival of Cargo to its final clearance (In Hrs). Three hypothesis questions are needed to be tested in this report.

1) Green Channel:

- **Null Hypothesis:** The faceless assessment is not effective in reducing the average total time taken from the Arrival of Cargo to its final clearance (In Hrs) in the Green Channel Facilitation Category.

- **Alternative Hypothesis:** The faceless assessment effectively reduces the average total time taken from the Arrival of Cargo to its final clearance (In Hrs) in the Green Channel Facilitation Category.

2) Red Channel:

- **Null Hypothesis:** The faceless assessment does not effectively reduce the median total time taken from the Arrival of Cargo to its final clearance (In Hrs) in the Red Channel Facilitation Category.

- **Alternative Hypothesis:** The faceless assessment effectively reduces the median total time taken from the Arrival of Cargo to its final clearance (In Hrs) in the Red Channel Facilitation Category.

3) Red and Green Channels:

- **Null Hypothesis:** There is no difference in Red and Green channels in the median total time taken from the Arrival of Cargo to its final clearance (In Hrs) before and after the faceless assessment.

- **Alternative Hypothesis:** There is a difference in Red and Green channels in the median total time taken from the Arrival of Cargo to its final clearance (In Hrs) before and after the faceless assessment.

Methodology

Sample Selection

In India, a total of 475 customs ports or stations, and the maximum number of stations are in the Tamil Nadu state (75), followed by Maharashtra (63). There are 5 types of customs stations, Container Freight Stations (CFS), Inland Container Depots (ICD), Land Customs Stations (LCS)/Integrated Check Posts (ICP), customs ports, and Foreign Post Office (FPO). Out of these, the transactions generally took place from 2 types of ports, Custom Ports and Inland Container Depot (ICD). (**Figure - 3**)

It is because of the complete custom clearance operations for all countries, and both the green & red channel facilitations are possible at these stations only. Figure 3 shows 188 customs ports and ICDs (Custom Ports - 101, ICD - 87) custom stations in India.

Figure - 3: State-wise different types of custom stations count
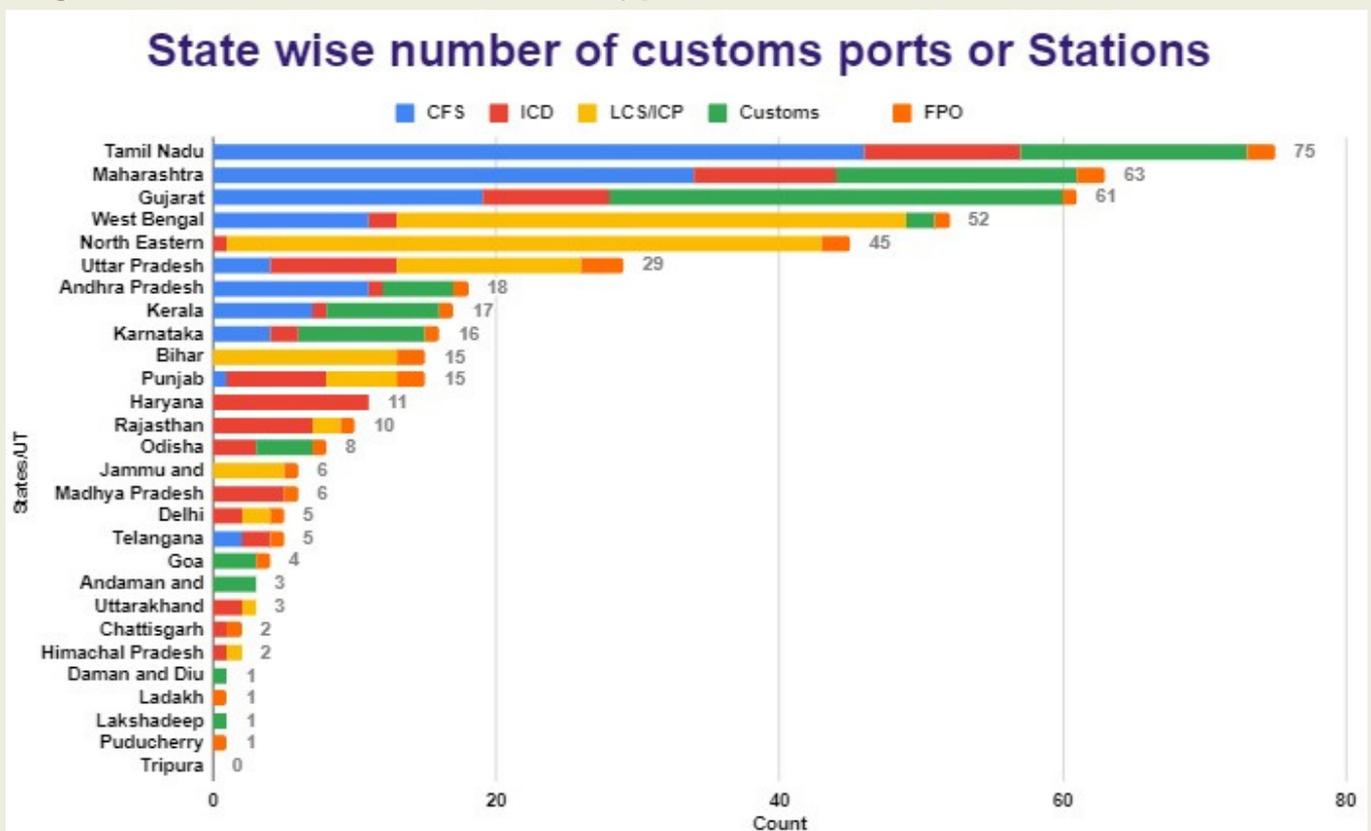
Source: (Central Board of Indirect Taxes & Customs (CBIC), 2022)

The Consecutive Sampling method is the best method to be chosen for this study. It is because the CBIC publishes Dwell time as the measure of time elapsed from the time cargo arrives till customs clearance of cargo from the customs station for the Major ports. The study needs to have data for both the before and after the faceless assessment introduced for the Customs ports. Considering these points of availability of relevant data for this study, 7 Major ports are selected. **(Table 1)**

Table 1: Major 7 Ports as Sample

S No.	Sample Ports	State, Town or District
1	Air Cargo Sahar, Mumbai	Mumbai
2	Air Cargo, Chennai	Chennai, Tamil Nadu
3	Air Cargo, Delhi	New Delhi
4	Air Cargo, Bangalore	Karnataka
5	Chennai Custom House	Chennai
6	JNCH Mumbai	Navi Mumbai
7	ICD Delhi	New Delhi

In FY 21-22, imports of the top 10 hs codes (2-digit level) are around 81% of the total imports in that year. After comparing Tables 1 & 2, It shows that the sample ports chosen for the study fall under the zones of Nodal Commissioners & FAG for the top 10 HS codes that cumulate 80% of the total imports in FY 2021-22.

Table 2: Top 10 HS code (2 digits) wise Imports & share in total Imports and FAG Zones

S No.	Hs code	Product Types	Commodity	Nodal commissioners & FAG from zones	2021-2022	% Share	Cumulative Share
1	27	Mineral Products	MINERAL FUELS, MINERAL OILS AND PRODUCTS OF THEIR DISTILLATION; BITUMINOUS SUBSTANCES; MINERAL WAXES.	1. Delhi 2. Bhubaneshwar 3. Chennai 4. Mumbai Zone II 5. Visakhapatnam	194857.08	31.7848	31.7848
2	71	Textile Products	NATURAL OR CULTURED PEARLS,PRECIOUS OR SEMIPRECIOUS STONES,PRE.METALS,CLAD WITH PRE.METAL AND ARTCLS THEREOF;IMIT.JEWLRY;COIN.	1. Delhi 2. Delhi (Prev.) 3. Kolkata 4. Chennai 5. Mumbai III	81663.73	13.3208	45.1056
3	85	Electric Machineries	ELECTRICAL MACHINERY AND EQUIPMENT AND PARTS THEREOF; SOUND RECORDERS AND REPRODUCERS, TELEVISION IMAGE AND SOUND RECORDERS AND REPRODUCERS, AND PARTS.	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Kolkata 6. Mumbai zone I 7. Mumbai zone II 8. Mumbai zone III 9. Thiruvananthapuram 10. Hyderabad 11. Meerut	62489.59	10.1932	55.2988

S No.	Hs code	Product Types	Commodity	Nodal commissioners & FAG from zones	2021-2022	% Share	Cumulative Share
4	84	Mechanical Machineries	NUCLEAR REACTORS, BOILERS, MACHINERY AND MECHANICAL APPLIANCES; PARTS THEREOF.	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Kolkata 6. Mumbai zone II 7. Mumbai zone III 8. Thiruvananthapuram 9. Visakhapatnam	50586.85	8.2516	63.5504
5	29	Chemicals I	ORGANIC CHEMICALS	1. Ahmedabad 2. Delhi (Preventive) 3. Chennai 4. Delhi 5. Kolkata 6. Mumbai zone I 7. Mumbai zone II 8. Thiruvananthapuram 9. Hyderabad 10. Meerut 11. Visakhapatnam	28522.55	4.6525	68.2029
6	39	Chemicals II	PLASTIC AND ARTICLES THEREOF.	1. Ahmedabad 2. Delhi (Preventive) 3. Chennai 4. Delhi 5. Kolkata 6. Mumbai zone I 7. Mumbai zone II 8. Bhopal 9. Meerut 10. Visakhapatnam	19994.19	3.2614	71.4643

S No.	Hs code	Product Types	Commodity	Nodal commissioners & FAG from zones	2021-2022	% Share	Cumulative Share
7	15	Primary Product I	ANIMAL OR VEGETABLE FATS AND OILS AND THEIR CLEAVAGE PRODUCTS; PRE. EDIBLE FATS; ANIMAL OR VEGETABLE WAXEX.	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Kolkata 6. Mumbai zone II 7. Mumbai zone III 8. Thiruvananthapuram 9. Tiruchirappalli (Preventive) 10. Visakhapatnam	19354.94	3.1571	74.6214
8	31	Chemicals I	FERTILISERS.	1. Ahmedabad 2. Delhi (Preventive) 3. Chennai 4. Delhi 5. Kolkata 6. Mumbai zone I 7. Mumbai zone II 8. Thiruvananthapuram 9. Hyderabad 10. Meerut 11. Visakhapatnam	12765.66	2.0823	76.7037
9	72	Ferrous base metals	IRON AND STEEL	1. Ahmedabad 2. Bhopal 3. Chennai 4. Delhi 5. Mumbai zone I 6. Mumbai zone II 7. Nagpur 8. Visakhapatnam	12612.84	2.0574	78.7611

S No.	Hs code	Product Types	Commodity	Nodal commissioners & FAG from zones	2021-2022	% Share	Cumulative Share
10	90	Instruments & Apparatus	OPTICAL, PHOTOGRAPHIC CINEMATOGRAPHIC MEASURING, CHECKING PRECISION, MEDICAL OR SURGICAL INST. AND APPARATUS PARTS AND ACCESSORIES THEREOF;	1. Bengaluru 2. Chennai 3. Delhi 4. Kolkata 5. Mumbai zone II 6. Mumbai zone III	11331.16	1.8483	80.6094

Source: Ministry of Commerce and Industry

Major Ports chosen for this analysis are at prime locations, on National corridors and very close to the Multimodal locations, so they attract traders from the logistics point of view. **(Figure 4)**

It is observed from the above statements that the major ports chosen for the study are good representatives of all ports. Also, the sampling method chosen for the study, as the complete data is unavailable, is Consecutive Sampling which considers all of the available data as the true representative of the population.

Figure 4: India Map with National corridors, Major ports, and Multimodal Locations

Top 7 Ports as Representative of all Ports
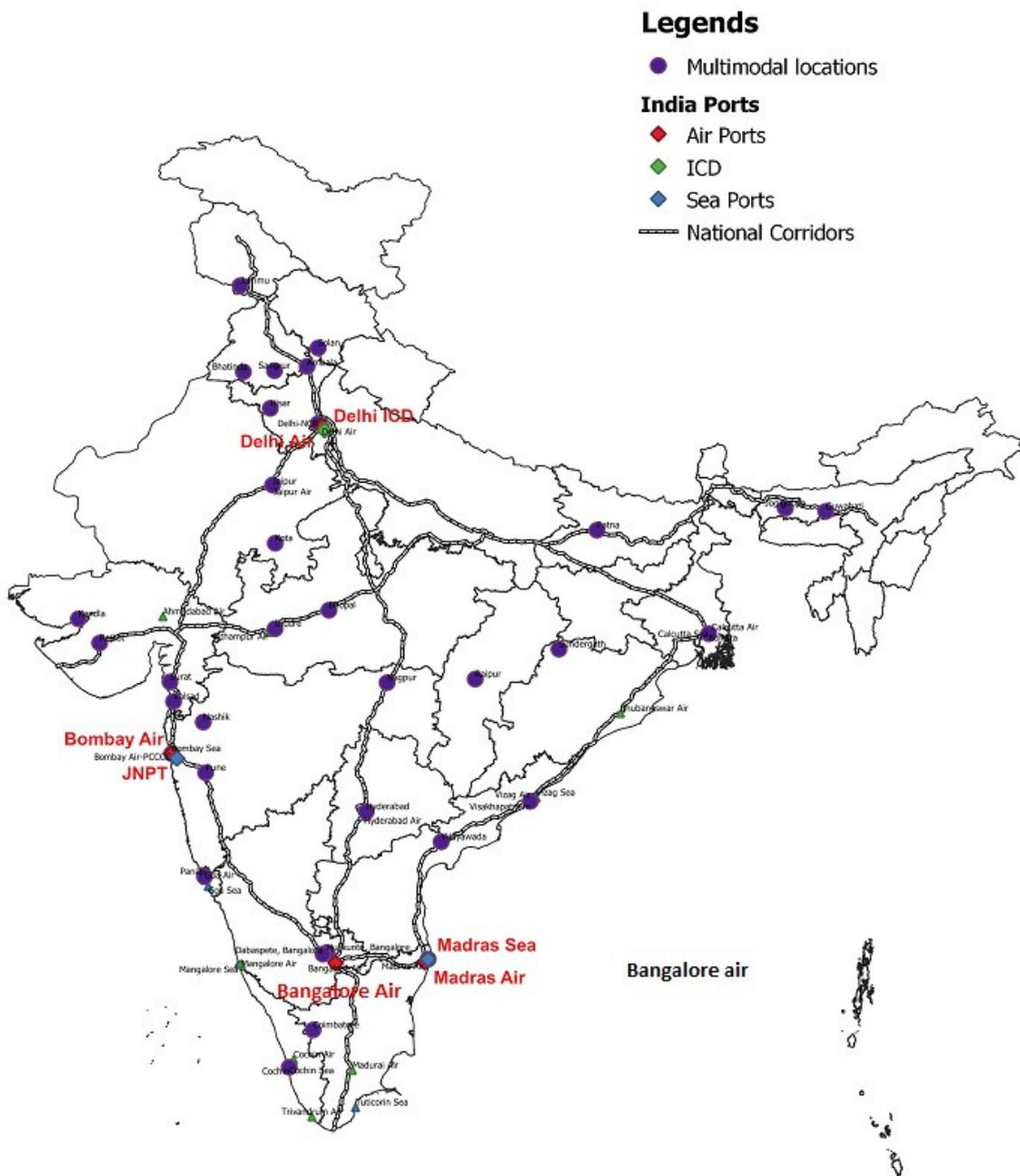
Missing Values and other Treatments

Some missing values need to be treated in the data. The method of treating missing values is to plug the average value for 3 months before and 3 months after the missing value, as shown in **Table 3**.

Table 3: Missing Value Treatment

S No	Missing Data	Treatment
1	Nov 2021	Arithmetic Average for Feb 2022, Jan 2022, Dec 2021, Oct 2021, Sep 2021, and Aug 2021
2	Jul 2021	Arithmetic Average for Oct 2021, Sep 2021, Aug 2021, May 2021, Apr 2021, and Mar 2021
3	Jun 2021	Arithmetic Average for Oct 2021, Sep 2021, Aug 2021, May 2021, Apr 2021, and Mar 2021
4	Oct 2019	Arithmetic Average for Jan 2020, Dec 2019, Nov 2019, Sep 2019, Aug 2019, and Jul 2019
5	Feb 2019	Arithmetic Average for May 2019, Apr 2019, Mar 2019, Jan 2019, Dec 2018, Nov 2018
6	Mar 2018	Arithmetic Average for Jun 2018, May 2018, Apr 2018, Feb 2018, Jan 2018, Dec 2017

Monthly Dwell Time data for the major ports (sample) in the Green channel facility shows that after May 2018 they move smoothly with less disruption, except COVID impact. It does not provide insights into a significant decrease in Average dwell time after Nov 2020 (Pan India Faceless Assessment implementation). **(Figure 5)**

It is required to smoothen the COVID Impact for Mar, Apr, and May 2020 else it will mislead the hypothesis testing. For smoothening the covid impact, the average of 4 months before and 4 months after the actual data is applied. **(Table 4)**

Table 4: Smoothening the COVID impact

Covid Period	Treatment
March 2020	Arithmetic Average for July 2020, June 2020, May 2020, Apr 2020, Feb 2020, Jan 2020, Dec 2019, Nov 2019
April 2020	Arithmetic Average for Aug 2020, July 2020, June 2020, May 2020, Mar 2020, Feb 2020, Jan 2020, Dec 2019
May 2020	Arithmetic Average for Sept 2020, Aug 2020, July 2020, June 2020, Apr 2020, Mar 2020, Feb 2020, Jan 2020

Figure 5: Dwell time in Custom Clearance for Green channel

Monthly Average Total time taken from Arrival of Cargo to its final clearance (In Hrs) for 7 Major Custom Ports - Green Channel

Source: CBIC

Figure 6: Dwell time in Custom Clearance for Red channel

Monthly Average Total time taken from Arrival of Cargo to its final clearance (In Hrs) for 7 Major Custom Ports - Red Channel
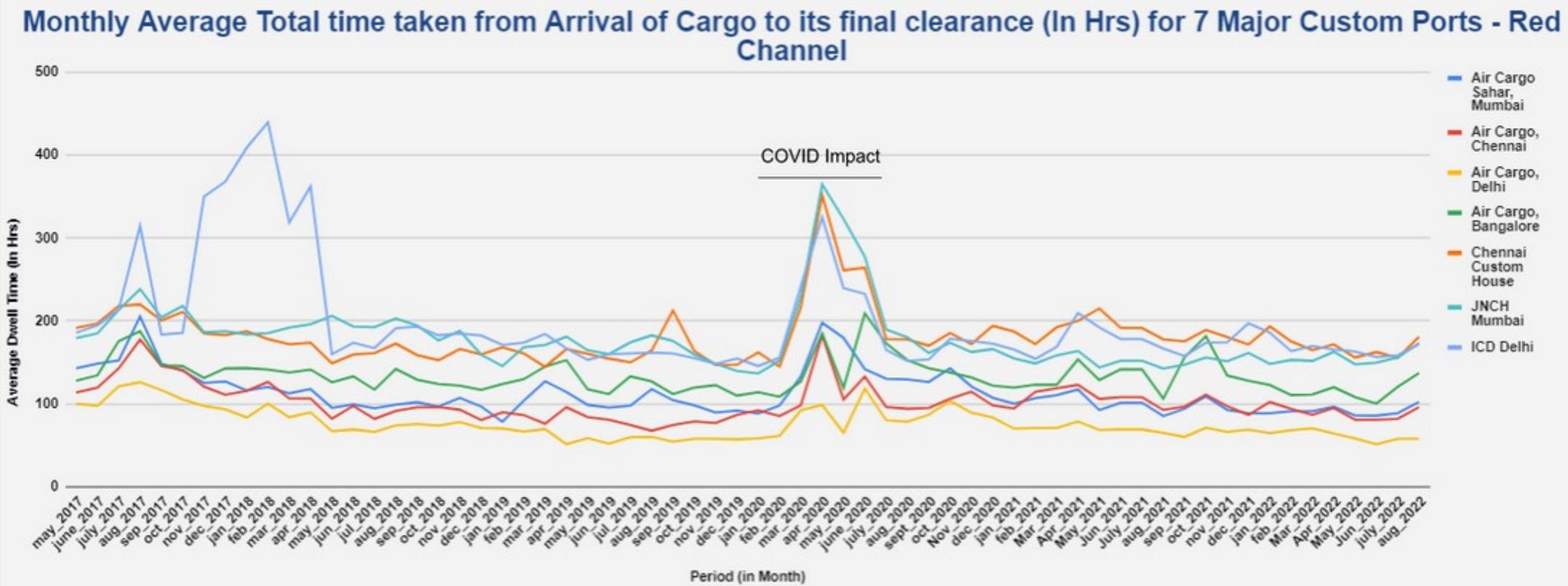
Source: CBIC

There is a high fluctuation in Average Dwell time for ICD Delhi before May 2018 in both the green and red channels **(Figures 5 & 6)**. For this reason, the periods for analysis are January 2019 to Aug 2022, as in **Table 5**.

Table 5: Before and After Treatment Periods for Analysis

S No.	Treatment	Period	No. of Months
1	Before Faceless Assessment	Jan 2019 - Oct 2020	22
2	After Faceless Assessment	Nov 2020 - Aug 2022	22

The final data used in the analysis after the manipulation are shown in **Figures 7 & 8** for the green and red channels, respectively.

Three hypothesis questions need to answer in this report. So, the Hypothesis testing to test hypothesis divided into three Phases.

Phase 1: Hypothesis testing to test the effectiveness of the faceless assessment programme to reduce the average total time taken from the Arrival of Cargo to its final clearance (In Hrs) in the Green Channel Facilitation Category.

Phase 2: Hypothesis testing to test the effectiveness of the faceless assessment programme to reduce the median total time taken from the Arrival of Cargo to its final clearance (In Hrs) in the Red Channel Facilitation Category.

Phase 3: Hypothesis testing to test whether there is a difference in Red and Green channels in the median total time taken from the Arrival of Cargo to its final clearance (In Hrs) before and after the faceless assessment.

Figure 7: Dwell time in Custom Clearance for Green Channel (after data manipulation)
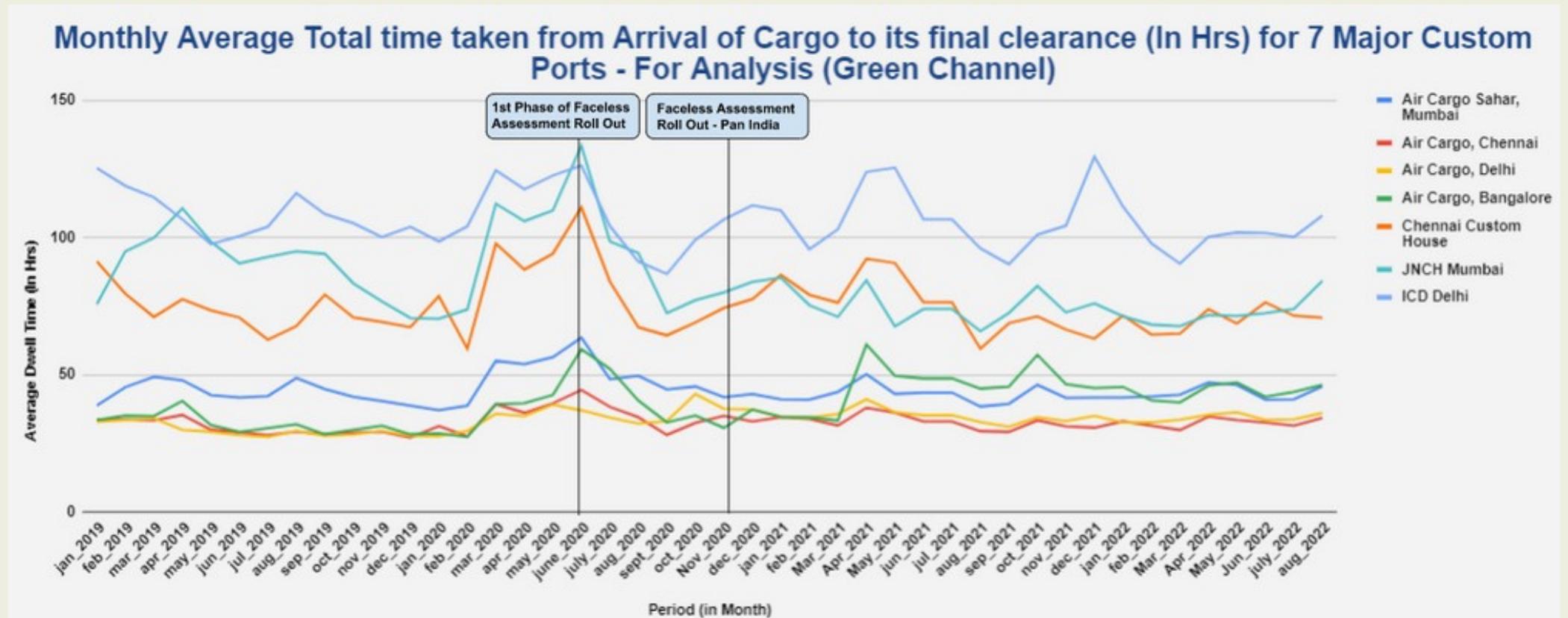
Source: CBIC

Figure 8: Dwell time in Custom Clearance for Red Channel (after data manipulation)

Monthly Average Total time taken from Arrival of Cargo to its final clearance (In Hrs) for 7 Major Custom Ports - For Analysis (Red Channel)
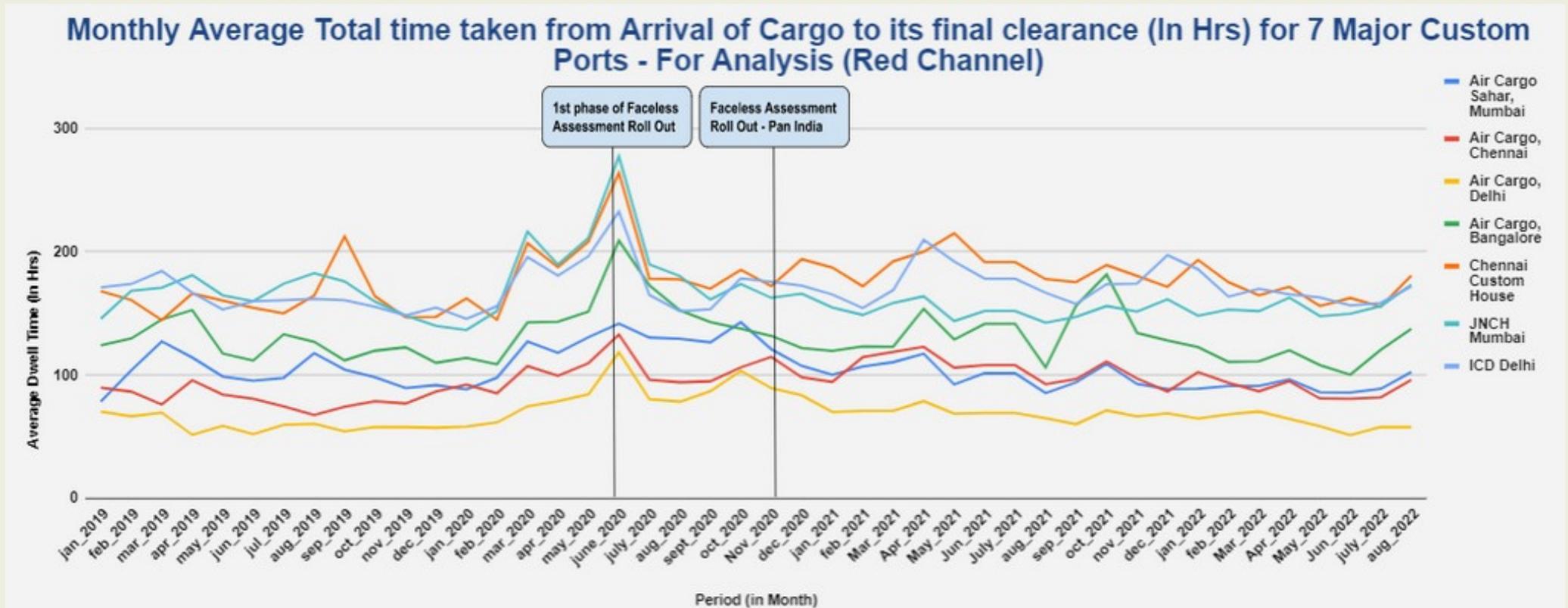
Assumptions

A few assumptions that need to be considered for hypothesis testing analysis are list out below.

1) The sample ports used in this analysis are assumed to be a true representative of all custom ports.

2) The sample ports are independent of each other.

3) Due to the small sample size, it is assumed for parametric tests (Paired T-test) that the difference between before and after the treatment for the Green channel follows an approximately normal distribution. **(Appendix - 3)**

4) Non-parametric tests follow the same assumptions, except that the data is not distributed normally, and so the non-parametric test (Wilcoxon signed rank test) is used for Red Channel and the Difference in Red & Green Channels. **(Appendix - 6 & 8)**

Results

Phase 1 - Green channel

In the mathematical form, the hypothesis can be written as,

$$H_0: \mu_d \geq 0$$
$$H_1: \mu_d < 0$$

Here, $\mu_d \left(\mu_d = (\mu_{after} - \mu_{before}) \right)$ is the difference in the average dwell time before and after the faceless assessment introduced in the green channel facility. It is a left-tail test.

The significance level is 0.05. It means a 5% chance to reject the null hypothesis when it is true (happen by chance). If the p-value is less than the significance level, then we reject the null hypothesis, otherwise, do not reject the null hypothesis.

The value of the t-test statistic at 6 degrees of freedom is -0.71. **(Appendix 4)**

The p-value is the probability of occurrence by chance which is 0.2536. **(Appendix 4 & 5)**

The p-value (0.2536) is greater than the significance level (0.05), so it falls in the acceptance region. **(Appendix 5)**

We do not have enough evidence to reject the null hypothesis, so it can be stated that the faceless assessment is not effective in reducing dwell time in Green Channel.

Phase 2 - Red channel

In the mathematical form, the hypothesis can be written as,

$$H_0: M_d \geq 0$$

$$H_1: M_d < 0$$

Here, $M_d \left(M_d = (M_{after} - M_{before}) \right)$ is the difference in the median dwell time before and after the faceless assessment introduced in the red channel facility. It is a left-tail test, and a non-parametric Wilcoxon signed rank test is applied to test the hypothesis.

The significance level is 0.05. It means a 5% chance to reject the null hypothesis when it is true (happen by chance). If the critical t-value is less than the calculated T value, then we do not reject the null hypothesis, otherwise, we reject the null hypothesis.

The value of the t-test statistic from the Wilcoxon Signed Rank table and the Calculated T value is 3, and 10, respectively. **(Appendix 7)**

The critical t-value (3) is less than the calculated T-value (10). **(Appendix 7)**

We do not have enough evidence to reject the null hypothesis, so it can be stated that the faceless assessment is not effective in reducing dwell time in the Red Channel.

Phase 3 - Difference in Red and Green channel

In the mathematical form, the hypothesis can be written as,

$$H_0 : M_D = 0$$
$$H_1 : M_D \neq 0$$

Here, $M_D = M_{after(red-green)} - M_{before(red-green)}$ is the difference in the median dwell time before and after faceless assessment for the difference in green and red channels. It is a two-tail test, and a non-parametric Wilcoxon signed rank test is applied to test the hypothesis.

The significance level is 0.05. It means a 5% chance to reject the null hypothesis when it is true (happen by chance). If the critical t-value is less than the calculated T value, then we do not reject the null hypothesis, otherwise, we reject the null hypothesis.

The value of the t-test statistic from the Wilcoxon Signed Rank table and the Calculated T value is 2, and 12, respectively. **(Appendix 9)**

The critical t-value (2) is less than the calculated T-value (12). **(Appendix 9)**

So, we do not have enough evidence to reject the null hypothesis, so it can be stated that the faceless assessment is not effective in making a difference in median dwell time before and after the faceless assessment for the difference in green and red channels.

Conclusion

From the above analysis, a list of conclusion statements comes to light.

1) The faceless assessment is ineffective in reducing dwell time in the customs clearance process in the Green and Red channel. Also, it is ineffective to show any difference in dwell time in the Red and Green channel before and after the faceless assessment. In other words, faceless assessment is ineffective in Green Channel, Red Channel and the difference between the red and green channels.

2) On Average, Air cargo shipments cleared in much less time than the other custom clearance stations.

3) It shows that faceless assessment is applicable equally on Green and Red channels, with no privileges to Green channel importers. It also shows that there is no significant effect of AEO on faceless assessment as the difference is not statistically significant between the Green channel and Red Channel.

4) It shows that the government was well aware of the situation, so preparing for the new standardised methods to make the programme more effective. The standard Examination order (Phase 1) was implemented on September 5, 2022.

Recommendation

It is clear from the above discussion that the government is aware and moving towards making a significant change through improvising the faceless assessment programme. So, it is required to help the government to make India an attractive place for business and help in increasing the Ease of Doing Business rank.

MAIT connected with industry members for their inputs/Recommendations to make the Faceless Assessment programme effective. Major recommended points by industry persons are listed below,

Related to Assessing Officer:

a) Issue: In most cases, there are General queries raised that are not relevant to that particular product. (like BIS, WPC, Labelling, etc.). The Assessing Officer (AO) does not either specify the query or give justification for rejecting classification and benefits under specific notifications.

Recommendation: Reasoning should be given for the query by the Faceless Assessment Group (FAG). This would help the 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 requirements, and that too if that particular requirement applies to that product.

b) Issue: 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. If still, the assessing officer does not agree, he/she instructs the concerned officer at BOE initiating port to go for even 100% inspection. With this, there is an additional delay in the handling of the products. This physical inspection is done after the faceless assessment is completed and delays the entire process. The manufacturers have to keep their plants idle, waiting for shipments to arrive, which is a massive burden on them when there are already challenges due to the shortage of chipsets, and huge depreciation in the rupee vis-à-vis dollar.

Recommendation: There should not be repeat queries on the same type of product/ HS code, and FAGs must refer to the earlier cleared BOEs before raising technical queries. 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, in that case, they can immediately ask for queries, and if not clarified then ask immediately for 100% examination. To avoid delay in the clearing process, an importer may be given the facility to clear under protest immediately after the first query, and the importer may be issued a speaking order immediately to go ahead with the process of appeal. It is important to fix a threshold limit for turnaround time. For instance, if FAG (Faceless Assessment Group) does not assess the BOE within 24hrs, there should be a provision for auto transfer to PAG (Port assessment group) so that it can be dealt with and closed in person.

Related to Technical Issues or Other Issues:

a) Issue: In the IGCR monthly statement, as per the ICEGATE, the details of the consignments are to be entered once again in the Portal. It is seen that the system also does not support uploading so much information that needs to be put in again and again. The ICEGATE helpdesk is also not helpful, and the queries/issues remain unanswered/unsolved.

In an RMS-facilitated Bill of Entry, during the 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.

Recommendation: 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. If unnecessary duplication of work due to the portal's technical issues gets resolved, then the system can function efficiently.

b) Issue: 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%.

Recommendation: 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.

c) Issue: PIMS has been introduced from 01st October 2022. 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 arrival date of import consignment, which increases the burden to the importer if the registration is missed out. In PIMS, registration, we would like to draw your kind attention to the challenges faced by the industry while Importing Papers via Air mode.

Recommendation: Usually, urgent orders are imported via air mode with a 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 similar clarification was issued by CBIC in the case of the Amendment in the Import policy of Iron & Steel vide Circular No. 38/2019-Customs 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."

Some of these issues are already considered by the government in their **Standard Examination Orders through RMS - Phase 1 programme**. It is highly recommended to the government consider Electronics Hardware and ICT products (Ch-84, 85 & 90) for the second phase of the programme.

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Appendix

Appendix -1: New Faceless Assessment Groups

Present Assessment Group (CTH)	New FAGs (CTH)
1(01-26)	1 (01-15) – Primary Products 1
	1B (16-26) – Primary Products 2
4 (72-83)	4 (72-73) – Ferrous Base Metals
	4A (74-83) – Non-Ferrous Base Metals
5 (84)	5 (8401-8469) – Mechanical Machinery -I
	5E (8470-8473) – Mechanical Machinery -II
	5N (8474-8487) – Mechanical Machinery -III
5A (85)	5A (8501-8516) – Electrical Machinery
	5C (8517-8531) – Communication & related Equipment
	5M (8532-8548) – Micro-Electronics
5B (86-92)	5V(86-87) – Vehicles
	5F (88) – Aircrafts
	5S (89) – Vessels
	5I (90-92) – Instruments & Apparatus

Appendix -2: National Assessment centres, Faceless assessment Group and Nodal Commissioners & FAG from zones

Annexure I

(Revision of Annexure II of Circular No.45/2020-Customs dt.12.10.2020)

National Assessment Centres

National Assessment Centre & Co-Conveners (Pr.CC/CC of the Zone)	Faceless Assessment Groups (Chapters covered by Customs Tariff Act, 1975)	Nodal Commissioners & FAG from Zones (Existing)	Nodal Commissioners & FAG from Zones (Revised)
(1)	(2)	(3)	(4)
Primary Products Co-Conveners: Kolkata, Guwahati	1 (01 to 15)-*Primary products 1*	1. Ahmedabad 2. Bengaluru 3. Bhubaneshwar 4. Chennai 5. Delhi 6. Delhi (Prev.) 7. Guwahati 8. Kolkata 9. Mumbai II 10. Mumbai III 11. Patna (Prev.)	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Kolkata 6. Mumbai, Zone II 7. Mumbai, Zone III 8. Thiruvananthapuram 9. Tiruchirappalli (Preventive) 10. Visakhapatnam
	1B (16 to 26)-*Primary products 2*	12. Thiruvananthapuram 13. Tiruchirappalli (Prev.) 14. Vishakhapatnam	1. Ahmedabad 2. Bhubaneswar 3. Chennai 4. Delhi 5. Guwahati 6. Kolkata 7. Mumbai, Zone II 8. Tiruchirappalli (Preventive) 9. Visakhapatnam

National Assessment Centre & Co-Conveners (Pr.CC/CC of the Zone)	Faceless Assessment Groups (Chapters covered by Customs Tariff Act, 1975)	Nodal Commissioners & FAG from Zones (Existing)	Nodal Commissioners & FAG from Zones (Revised)
(1)	(2)	(3)	(4)
Mineral Products Co-Conveners: Bhubaneshwar, Visakhapatnam	1A (27)	1. Ahmedabad 2. Bengaluru 3. Bhubaneshwar 4. Chennai 5. Delhi 6. Kolkata 7. Mumbai I 8. Mumbai II 9. Mumbai III 10. Pune 11. Tiruchirappalli (Prev) 12. Visakhapatnam	1. Delhi 2. Bhubaneshwar 3. Chennai 4. Mumbai Zone II 5. Visakhapatnam
Chemicals 1 Co-Conveners: Mumbai Zone II, Ahmedabad	2, 2A, 2B, 2C, 2D, 2E and 2F (28-38)	1. Ahmedabad. 2. Chennai 3. Delhi 4. Delhi (Prev.) 5. Hyderabad 6. Kolkata 7. Meerut 8. Mumbai I 9. Mumbai II 10. Mumbai III 11. Thiruvananthapuram 12. Visakhapatnam	1. Ahmedabad. 2. Chennai 3. Delhi 4. Delhi (Preventive) 5. Hyderabad 6. Kolkata 7. Meerut 8. Mumbai I 9. Mumbai Zone II 10. Thiruvananthapuram 11. Visakhapatnam

National Assessment Centre & Co-Conveners (Pr.CC/CC of the Zone)	Faceless Assessment Groups (Chapters covered by Customs Tariff Act, 1975)	Nodal Commissioners & FAG from Zones (Existing)	Nodal Commissioners & FAG from Zones (Revised)
(1)	(2)	(3)	(4)
Chemicals 2 Co-Conveners: Mumbai Zone II, Bhopal	2G (39)	1. Ahmedabad 2. Bhopal 3. Chennai 4. Delhi 5. Delhi (Prev.) 6. Hyderabad 7. Kolkata 8. Meerut 9. Mumbai I 10. Mumbai II 11. Mumbai III 12. Patna (Prev.) 13. Thiruvananthapuram 14. Visakhapatnam	1. Ahmedabad 2. Bhopal 3. Chennai 4. Delhi 5. Delhi (Preventive) 6. Kolkata 7. Meerut 8. Mumbai Zone I 9. Mumbai Zone II 10. Visakhapatnam
Chemicals 3 Co-Conveners: Chennai, Patna (Preventive)	2H, 2I, 2J, 2K (40-49)	1. Ahmedabad 2. Bengaluru 3. Bhopal 4. Chennai 5. Delhi 6. Delhi (Prev.) 7. Kolkata 8. Meerut 9. Mumbai I 10. Mumbai II 11. Mumbai III 12. Nagpur 13. Patna (Prev.) 14. Pune	1. Bengaluru 2. Bhopal 3. Chennai 4. Delhi 5. Kolkata 6. Meerut 7. Mumbai Zone I 8. Mumbai Zone II 9. Nagpur 10. Patna (Preventive) 11. Pune 12. Tiruchirappalli (Preventive) 13. Visakhapatnam

National Assessment Centre & Co-Conveners (Pr.CC/CC of the Zone)	Faceless Assessment Groups (Chapters covered by Customs Tariff Act, 1975)	Nodal Commissioners & FAG from Zones (Existing)	Nodal Commissioners & FAG from Zones (Revised)
(1)	(2)	(3)	(4)
		15. Thiruvananthapuram 16. Tiruchirappalli (Prev.) 17. Visakhapatnam	
Textile Products Co-Conveners: Bengaluru Tiruchirappalli (Preventive)	3. (50-70)	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Delhi (Prev.) 6. Kolkata 7. Mumbai I 8. Mumbai II 9. Mumbai III 10. Patna (Prev.) 11. Thiruvananthapuram 12. Tiruchirappalli (Prev.)	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Delhi (Preventive) 6. Kolkata 7. Mumbai Zone I 8. Mumbai Zone II 9. Tiruchirappalli (Preventive)
	3A (71)	1. Ahmedabad 2. Delhi 3. Delhi (Prev.) 4. Kolkata 5. Chennai 6. Mumbai III	1. Delhi 2. Delhi (Prev.) 3. Kolkata 4. Chennai 5. Mumbai III
Metal Products	4 (72-73)- Ferrous base metals	1. Ahmedabad 2. Bengaluru 3. Bhopal 4. Chennai	1. Ahmedabad 2. Bhopal 3. Chennai 4. Delhi

| National Assessment Centre & Co-Conveners (Pr.CC/CC of the Zone)	Faceless Assessment Groups (Chapters covered by Customs Tariff Act, 1975)	Nodal Commissioners & FAG from Zones (Existing)	Nodal Commissioners & FAG from Zones (Revised)
(1)	(2)	(3)	(4)
Co-Conveners: Delhi (Preventive), Nagpur		5. Delhi 6. Delhi (Prev.) 7. Guwahati 8. Hyderabad 9. Kolkata 10. Meerut 11. Mumbai I 12. Mumbai II 13. Mumbai III 14. Nagpur 15. Pune 16. Thiruvananthapuram 17. Vishakhapatnam	5. Mumbai Zone I 6. Mumbai Zone II 7. Nagpur 8. Visakhapatnam
	4A (74-83) – Non-ferrous Base Metals	1. Ahmedabad 2. Bengaluru 3. Bhopal 4. Chennai 5. Delhi 6. Delhi (Prev.) 7. Guwahati 8. Hyderabad 9. Kolkata 10. Meerut 11. Mumbai I 12. Mumbai II 13. Mumbai III 14. Nagpur 15. Pune	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Kolkata 6. Mumbai Zone II 7. Mumbai Zone III

National Assessment Centre & Co-Conveners (Pr.CC/CC of the Zone)	Faceless Assessment Groups (Chapters covered by Customs Tariff Act, 1975)	Nodal Commissioners & FAG from Zones (Existing)	Nodal Commissioners & FAG from Zones (Revised)
(1)	(2)	(3)	(4)
		16. Thiruvananthapuram 17. Vishakhapatnam	
Mechanical Machineries Co-Conveners: Mumbai Zone III, Hyderabad	5 (8401-8469) – Machinery & Mechanical Appliances - I	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Delhi (Prev.) 6. Hyderabad 7. Kolkata 8. Mumbai II 9. Mumbai III 10. Thiruvananthapuram	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Kolkata 6. Mumbai Zone II 7. Mumbai Zone III 8. Thiruvananthapuram 9. Visakhapatnam
	5E (8470-8473) Machinery & Mechanical Appliances - II	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Delhi (Prev.) 6. Hyderabad 7. Kolkata 8. Mumbai II 9. Mumbai III 10. Thiruvananthapuram	1. Bengaluru 2. Chennai 3. Delhi 4. Mumbai Zone II 5. Mumbai Zone III
	5N (8474-8487) – Machinery & Mechanical Appliances - III	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi

National Assessment Centre & Co-Conveners (Pr.CC/CC of the Zone)	Faceless Assessment Groups (Chapters covered by Customs Tariff Act, 1975)	Nodal Commissioners & FAG from Zones (Existing)	Nodal Commissioners & FAG from Zones (Revised)
(1)	(2)	(3)	(4)
		5. Delhi(Prev.) 6. Hyderabad 7. Kolkata 8. Mumbai II 9. Mumbai III 10. Thiruvananthapuram	5. Kolkata 6. Mumbai Zone II 7. Mumbai Zone III
Electric Machineries Co-Conveners: Delhi, Meerut	5A (8501-8516) Electrical machinery	1. Ahmedabad. 2. Bengaluru 3. Chennai 4. Delhi 5. Kolkata 6. Hyderabad 7. Mumbai I 8. Mumbai II 9. Mumbai III 10. Thiruvananthapuram	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Kolkata 6. Mumbai Zone I 7. Mumbai Zone II 8. Mumbai Zone III 9. Thiruvananthapuram
	5C (8517-8531)- Communication and related equipment		1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Hyderabad 6. Mumbai Zone II 7. Mumbai Zone III
	5M (8532-8548)- Micro-electronics		1. Bengaluru 2. Chennai 3. Delhi 4. Meerut 5. Mumbai Zone II 6. Mumbai Zone III

National Assessment Centre & Co-Conveners (Pr.CC/CC of the Zone)	Faceless Assessment Groups (Chapters covered by Customs Tariff Act, 1975)	Nodal Commissioners & FAG from Zones (Existing)	Nodal Commissioners & FAG from Zones (Revised)
(1)	(2)	(3)	(4)
Automobiles and Instruments	5V (86-87)- Vehicles	1. Ahmedabad 2. Bengaluru 3. Chennai 4. Delhi 5. Delhi(Prev.)	1. Ahmedabad 2. Chennai 3. Delhi 4. Delhi (Preventive) 5. Mumbai Zone II
Co-Conveners: Chennai, Pune	5F (88) – Aircrafts	6. Hyderabad. 7. Kolkata 8. Mumbai II 9. Mumbai III 10. Thiruvananthapuram	1. Bengaluru 2. Delhi 3. Hyderabad 4. Mumbai Zone II 5. Mumbai Zone III 6. Thiruvananthapuram
	5S (89) – Vessels		1. Ahmedabad 2. Mumbai Zone I 3. Mumbai Zone III 4. Pune 5. Thiruvananthapuram 6. Visakhapatnam
	5I (90-92) – Instruments & Apparatus		1. Bengaluru 2. Chennai 3. Delhi 4. Kolkata 5. Mumbai Zone II 6. Mumbai Zone-III
Misc. products/Project Imports Co-Conveners:	6 (93-98)	1. Ahmedabad. 2. Bengaluru 3. Chennai 4. Delhi 5. Delhi (Prev.)	1. Ahmedabad 2. Chennai 3. Delhi 4. Kolkata 5. Mumbai Zone III

National Assessment Centre & Co-Conveners (Pr.CC/CC of the Zone)	Faceless Assessment Groups (Chapters covered by Customs Tariff Act, 1975)	Nodal Commissioners & FAG from Zones (Existing)	Nodal Commissioners & FAG from Zones (Revised)
(1)	(2)	(3)	(4)
Mumbai Zone I, Thiruvananthapuram		6. Hyderabad 7. Kolkata 8. Mumbai I 9. Mumbai II 10. Mumbai III 11. Thiruvananthapuram 12. Visakhapatnam	

Appendix-3: Histogram for Dwell time Before and After Facelesss assessment - Green Channel

Histogram - Difference in Mean Dwell Time Before and After Treatment (in Hrs)
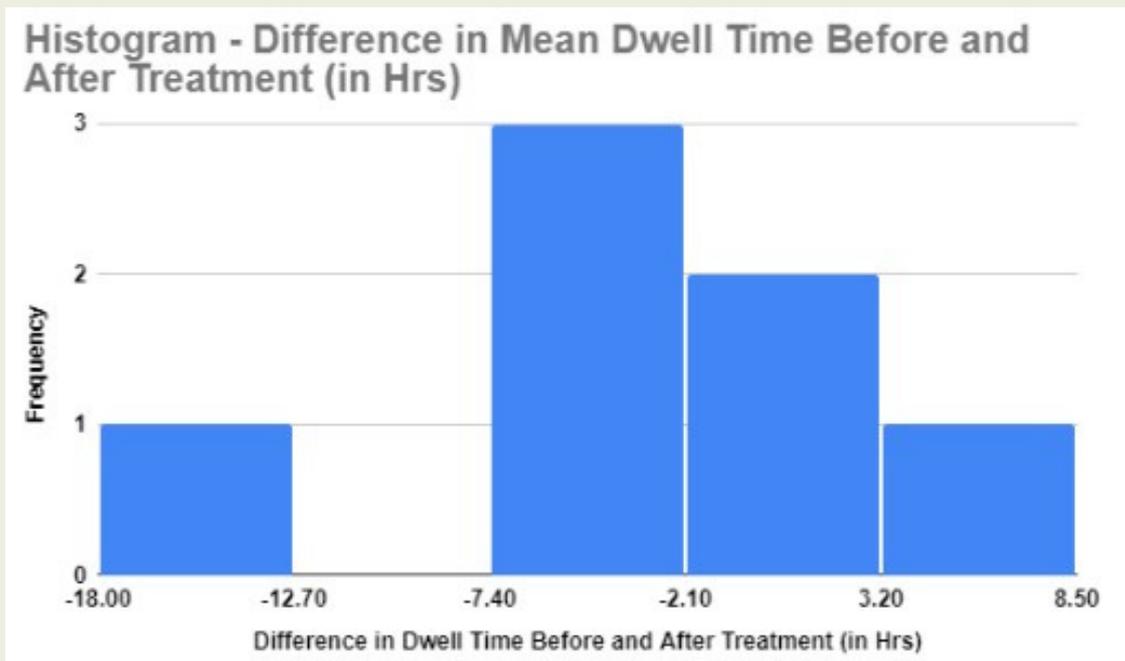
Appendix - 4: Paired T Test - Green Channel

T-Test: Paired Two Sample for Means

	After Faceless Assessment	Before Faceless Assessment
Mean	58.46	60.59049512
Variance	730.1340721	994.9510092
Observations	7	7
Pearson Correlation	0.974517544	
Hypothesized Mean Difference	0	
df	6	
t Stat	-0.705226179	
P(T<=t) one-tail	0.253555009	
t Critical one-tail	1.943180281	
P(T<=t) two-tail	0.507110017	
t Critical two-tail	2.446911851	

# Appendix - 5: Student's T Distribution Curve - Green Channel
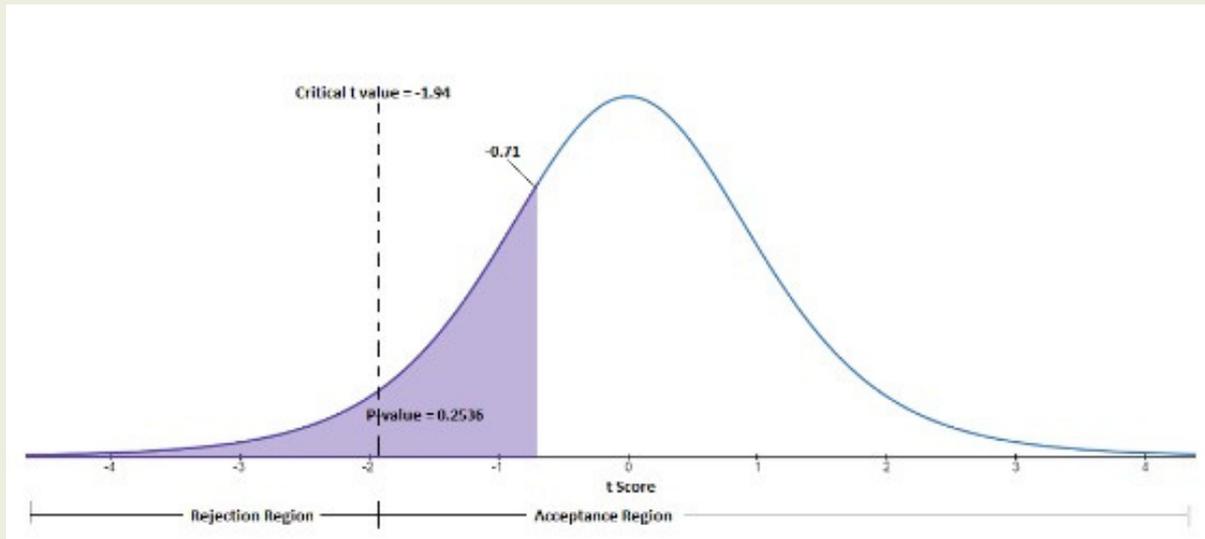
Appendix - 6: Histogram for Dwell Time Before and After Facelesss assessment - Red Channel
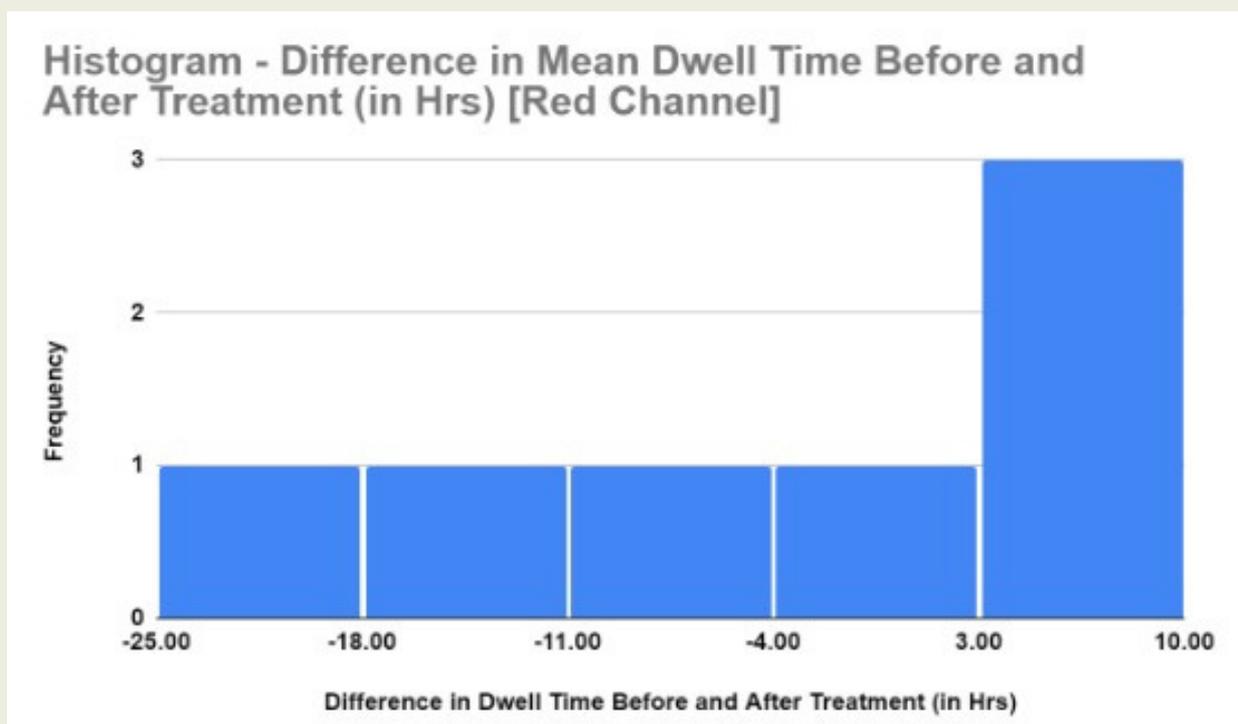
Appendix - 7: Non-Parametric Wilcoxon Signed Rank test for Paired Sample - Red Channel

Wilcoxon Signed Ranks Test for Paired Sample [Red Channel]							
Customs Site	Before Faceless Assessment	After Faceless Assessment	Difference (After - Before)	Absolute Difference (After - Before)	Rank of absolute Difference	positive ranks	Negative ranks
Air Cargo Sahar, Mumbai	111.46	98.21	-13.25	13.25	6		6
Air Cargo, Chennai	90.54	99.49	8.95	8.95	5	5	
Air Cargo, Delhi	70.15	68.04	-2.11	2.11	1		1
Air Cargo, Bangalore	135.40	128.32	-7.16	7.16	4		4
Chennai Custom House	173.82	180.43	6.61	6.61	3	3	
JNCH Mumbai	175.40	154.71	-20.76	20.76	7		7
ICD Delhi	168.45	172.66	4.21	4.21	2	2	
					smaller sum (test statistic)[T]		10
					sample size		7
					critical value (t-critical)		3
					Significance		No (t critical < T)

Appendix - 8: Histogram for Dwell time Before and After Facelesss assessment - [Difference in Red and Green Channel]

Histogram - Difference in Mean Dwell Time Between Red & Green Channel Before and After Treatment (in Hrs) [Red - Green Channel]
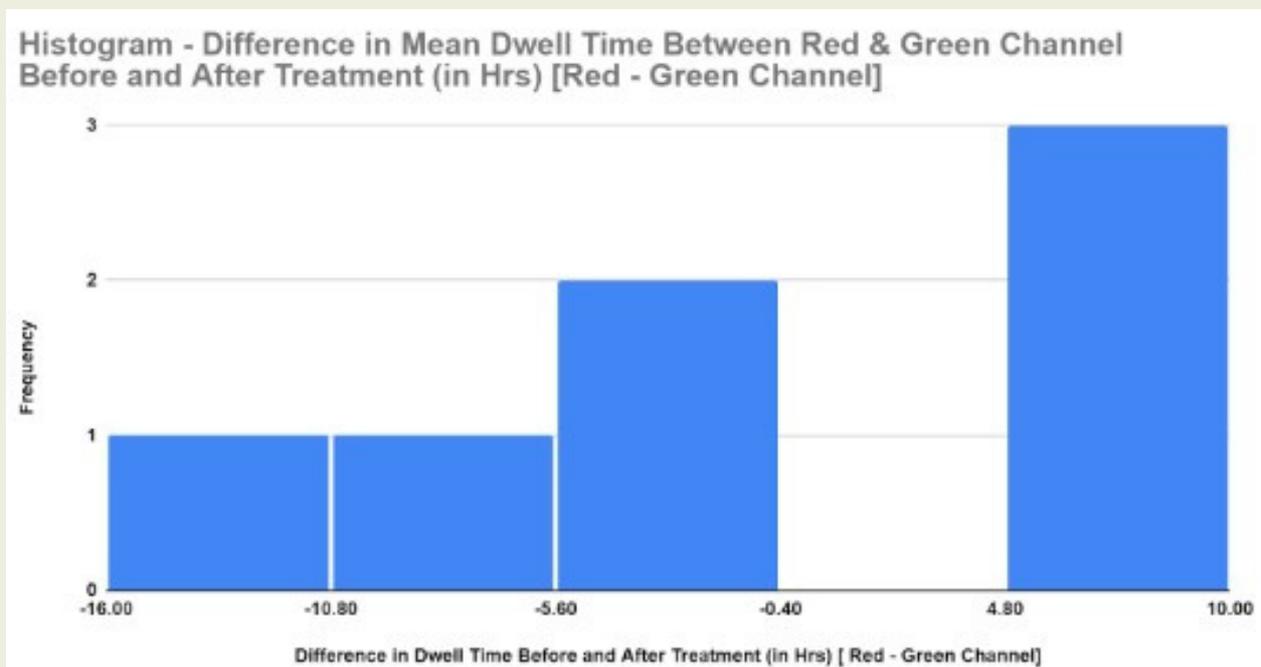
Appendix 9: Non-Parametric Wilcoxon Signed Rank test for Paired Sample - [Difference in Red and Green Channel]

Wilcoxon Signed Ranks Test for Paired Sample [Red - Green Channel]

Customs Site	Before Faceless Assessment_green	After Faceless Assessment_green	Before Faceless Assessment_red	After Faceless Assessment_red	Difference_before (Red Dwell time - Green Dwell time)	Difference_after (Red Dwell time - Green Dwell time)	Difference [Red - Green and After - Before]	Absolute Difference [Red - Green and After - Before]	Rank of absolute Difference	positive ranks	Negative ranks
Air Cargo Sahar, Mumbai	40.22	43.04	111.45	98.21	65.24	55.17	-10.07	10.07	6		6
Air Cargo, Chennai	32.65	32.89	90.54	99.49	57.89	66.61	8.72	8.72	4	4	
Air Cargo, Delhi	32.04	34.92	70.15	68.04	38.12	33.12	-5.00	5.00	2		2
Air Cargo, Bangalore	35.61	44.10	135.48	128.32	99.87	84.22	-15.66	15.66	7		7
Chennai Custom House	77.11	73.75	173.82	180.43	96.72	106.68	9.96	9.96	5	5	
JNCH Mumbai	92.41	74.89	175.40	154.71	82.99	79.82	-3.17	3.17	1		1
ICD Delhi	108.10	105.63	168.45	172.66	60.34	67.02	6.68	6.68	3	3	

smaller sum (test statistic [T]	12
sample size	7
critical value (critical t value)	2
Significance	No (t critical < T)

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