

**Dr. L.B. Singhal**  
**Ph.D., MBA, LLB, B.Sc.**  
**Secretary General, AEPC**

AEPC/HO/SG/R&PA/2022  
August 31, 2022

Dear Members,

**Sub: Ministry of Finance, Department of Revenue, Central Board of Indirect Taxes & Customs issues Circular No. 16/2022-Customs dated 29/08/2022 on Faceless Assessment – Standard Examination Orders through RMS - Phase 1, Part 1.**

Ministry of Finance, Department of Revenue, Central Board of Indirect Taxes & Customs vide Circular No. 16/2022-Customs dated 29/08/2022 (copy enclosed) has developed system generated centralized examination orders for Bills of Entry (BE), in coordination with DG Systems and National Assessment Centers (NACs), based on various parameters. This functionality is expected to enhance the uniformity in examination, and lower the time taken in the process as well as reduce associated costs.

**Phase 1 - Second Check Examination:**

1. To harmonise the examination orders across FAGs, the Board has decided to implement system-generated centralized examination orders in a phased manner, in case of risk-based selection for examination after assessment.
2. NACs, has developed a system wherein standardised examination orders will be centrally generated by RMS and populated on the corresponding Bill of Entry, based on a host of risk parameters concerning goods, entities, and countries, relating to that bill.
3. The standardized examination orders thus generated by RMS will be visible to Assessing Officers during the assessment. While these RMS-generated standardised examination orders will be the new norm, the Assessing officer will have the option of adding any additional examination instruction/order to the pre-populated RMS-generated examination order, if necessary.
4. After processing BE data, RMS will generate a consolidated examination order for each selected BE based on potential risks. An RMS generated examination order would include the following main points: (i) % of containers to be

examined, (ii) selected area/part (s) in a given container and % of goods in the selected area/part (s) to be examined, (iii) Item level instructions and (iv) additional examination instruction, if any.

**Standardized Examination Order Format:**

While the BE is selected for examination depending on risk associated with various items in a BE, the examination will depend on the nature of the cargo and mode of packing. Hence, some standardization is adopted for different situations:

**A. FCL Cargo:**

1. For FCL cargo, selection for the examination will be at two levels. First, the selection of the containers and then the area/part selected within those selected containers. For the sake of uniformity, the container has been divided into five areas/parts, for an easy identification and selection of areas for examination, as depicted below:

Front of container	1	2	3	4	5	Back of container
--------------------	---	---	---	---	---	-------------------

2. One area/part 1 (i.e. front) and other area/part (s) (i.e., 2,3,4 & 5), as may be applicable in each case based on potential risks, will be selected randomly by system. A specified % examination, based on potential risks, will be required to be done from these two or more areas/parts of the container. Only in the case of 100 % examination order, the whole container would be examined.

3. To illustrate, a typical system-generated examination order that will be displayed on BE will be as below:

“Check Seal No. of all containers and cut the seal of selected containers in your presence. Examine 10 % of the respective areas/parts indicated in respect of each selected container and follow CCRs, where necessary (other than ISO Liquid/Gas container and Dangerous cargo). Verify declared description, quantity and specification. Selected Container: KOCU4150113-Selected Area: 1 & 4”

In this example, one container i.e. KOCU4150113 has been selected for examination; two areas/parts within this container (i.e. 1 and 4) have been selected for 10% examination by shed/examining officers in each of the two areas/parts.

**B. LCL cargo, bulk cargo, and shipments through air and land, where container number is not available**

For LCL cargo, bulk cargo, and shipments through air and land, where container number is not available, only the percentage of goods to be examined will be communicated to shed/examining officers for physical examination, along with item specific examination order.

### **C. Container selected for scanning through CSM (Container Scanning Module)**

**Furthermore, a container selected for scanning through CSM (Container Scanning Module) and marked suspicious by the Container Scanning Division (CSD) will have a separate related examination order as per the extant practice/order of the local customs station. CSM-related examination order will complement the RMS generated examination order for a consignment.**

#### **Bill of Entry flow:**

1. The flow of a Bill of Entry, where examination is required, and the associated RMS generated examination order in different scenarios are outlined below, in case of selection of a BE for second check examination :

- a. In case of an 'Assessment and Examination' - an examination order will be generated by RMS but the Bill of Entry will be routed to the shed through an FAG. While the assessing officer will have the flexibility to add any other relevant examination order/instruction, any such additional examination instruction should be given only in exceptional cases when deemed necessary, with the approval of the respective DC/AC.
- b. In case of a 'Examination only' - the Bill of Entry will directly flow to a shed/examining officer for necessary examination as per RMS-generated examination order.
- c. In case of a 'Assessment only' - the assessing officer will have the possibility to give an examination order only in exceptional cases, when deemed necessary, with the approval of the AC/DC.

#### **Manner of implementation by field officers:**

The officers in the field formations need to follow the following instructions in respect of examination of goods:

- i. FAG officers will give any additional examination order/instruction, if necessary, to complement the RMS generated examination order, only in exceptional cases. As this model will be implemented in a phased manner, FAG officers will need to see whether there is already an RMS-generated examination order for a Bill of Entry and proceed accordingly.
- ii. **Shed/examining officers will strictly follow the RMS-generated examination orders and physically examine the selected containers and the relevant selected areas/parts as specified in the examination order.**

Additionally, Shed/examining officers may also examine any other goods or area/part of the container, as may be necessary, as per other examination orders/instructions given by the FAG officer and/or CSD officer or for the verification of CCRs, in appropriate cases or based on the nature, package and size of cargo.

iii. **Any deviation from RMS-generated examination orders will require the prior approval of the Joint Commissioner/Additional Commissioner designated by the Commissioner concerned**, except for the situations described herein above, and such deviation will have to be recorded in the examination report fed by the examining officers in the System. The Commissioners have to regularly monitor such cases at their level, so as to ensure that such deviations are minimal and justified in their nature.

**Part 1 of Phase 1:**

This procedure will be implemented for Second Check Bill of Entry in a phased manner, starting with one group of commodities and will thereafter be extended to all other goods incrementally, by adopting a modular approach.

It has been decided that the above procedure will come into effect for goods covered under Assessment Group 4 in all the Customs Stations from the 5th of September, 2022. A Systems advisory will be issued for seamless implementation of this new functionality for systems-generated examination orders.

This is for your information please.

With warm regards,

Yours sincerely,

**Dr. L.B. Singhal**  
**Secretary General-AEPC**