

CHAPTER 2 IMPORTATION AND EXPORTATION PROCEDURE

Illustration 1

Explain briefly with reference to the provisions of the Customs Act, 1962

- (1) Customs area
- (2) Customs port
- (3) Person in charge
- (4) Prohibited goods
- (5) Entry

Solution

1. **Customs area:** As per section 2(11) of the Customs Act, 1962, customs area **means** the area of a customs station and **includes** any area in which imported goods or export goods are ordinarily kept before clearance by Customs Authorities.
2. **Customs port:** As per Section 2(12) of the customs Act, 1962, 'customs port' **means** any port appointed under clause (a) of section 7 to be a customs port and **includes** a place appointed under clause (aa) of that section to be an inland container depot.
3. **Person in charge:** As per section 2(31) of the customs Act, 1962 person - in - charge means:
 - a. In relation to a vessel, the master of the vessel;
 - b. In relation to an aircraft, the commander or the pilot - in - charge of the aircraft;
 - c. In relation to a railway train, the conductor, guard or other person having the chief direction of the train;
 - d. In relation to any other conveyance, the driver or other person - in - charge of the conveyance.
4. **Prohibited Goods:** The term prohibited goods has been defined under section 2(33) of the Customs Act, 1962
 - As the goods the import or export of which is subject to any prohibition under the Act or any other law for the time being in force
 - But does not include any such goods in respect of which the conditions subject to which the goods are permitted to be imported or exported have been complied with.
5. **Entry:** As per section 2(16) of the Customs Act, 1962 entry in relation to goods
 - Means an entry made in a bill of entry, shipping bill or bill of export.

Illustration 2

Explain briefly with reference to the provisions of the Customs Act, 1962

1. Explain Import Manifest or Arrival Manifest (Section 30)
2. Import Report
3. Entry Inward (ICAI Material)

Solution**1. Section 50 – Import Manifest or Arrival Manifest or Import report**

Arrival manifest or import manifest or import report is a detailed information to customs about goods **in the vessels / aircrafts** which have been brought in at any port / airport for unloading at that particular port / international airport as also that which would be carried further for other ports / airports. Declaration of such cargo has to be made in a prescribed form which is termed 'Import General Manifest' or IGM.

2. Section 2(24): Import Report

The person - in - charge of a vehicle carrying imported goods or any other persons as may be notified by the central government shall, **in the case of a vehicle**, deliver to the proper officer an import report within twelve hours after its arrival in the customs station, in the prescribed form.

It may be noted that import report is required only when goods are imported via land route.

3. Section 31 – Entry Inward

Section 31 of the customs Act, 1962

- Entry inwards is a permission granted by the proper officer to a vessel after which the master of the vessel permits unloading of the imported goods.
- Such entry inwards is granted only after master of the vessel delivers import general manifest to the proper officer or the proper officer is satisfied that there was sufficient cause for not delivering it.
- Entry inwards, however, is not required for unloading of baggage accompanying a passenger or a member of the crew, mail bags, animals, perishable goods and hazardous goods.

Illustration 3

What is meant by 'boat notes'? (Section 35) (ICAI Material)

Solution

Section 35 – Boat Note – No imported goods shall be water - borne for being landed from any vessel, and no export goods which are not accompanied by a shipping bill, shall be water - borne for being shipped, unless the goods are accompanied by a boat - note in the prescribed form.

Provided that the Board may, by notification in the Official Gazette, give general permission, and the proper officer may in any particular case given special permission, for any goods or any class of goods to be water - borne without being accompanied by a boat - note.

Illustration 4

Explain briefly with reference to the provisions of the Customs Act, 1962

1. Restriction on Custody of goods after importation (section 45)
2. Entry on goods importation / Bill of Entry (section 46)
3. Clearance of goods for home consumption (section 47)

Solution**1. Restriction on Custody of goods after importation (section 45)**

All imported goods unloaded in a customs area shall remain in the custody of such person (Port trust Authority) as may be **approved by the Principle Commissioner or Commissioner of Customs** until they are cleared for home consumption or are warehouse.

The person having custody of any imported goods in a customs area,

- Shall keep a record of such goods and send a copy thereof to the proper officer;
- Shall not permit such goods to be removed from the customs area or otherwise deal with, except under and in accordance with the permission in writing of the proper officer or in such manner as may be prescribed.

2. Entry on goods importation / Bill of Entry (Section 46)

- a. Application:** It is an application by Importer to Customs authority for assessment and clearance of goods from customs area.
- b. Bill of entry should be presented electronically presentation:** The importer of any goods, other than intended for transit or transshipment, shall make entry thereof by presenting electronically on the customs automated system to the proper officer a bill of entry for home consumption or warehousing in such form and manner as may be prescribed.
- c. Types of Bill of Entry**

There are three types of B/E prescribed by regulation

Form I: For Home Consumption

Form II: For warehousing (Into bond)

Form III: Clearance for Home Consumption from warehouse (Ex - bond). (This Bill of Entry is to be submitted under section 68 and not under section 46)
- d. Matching of BOE with BOL:** A bill of entry shall include all the goods mentioned in the bill of lading or other receipt given by the carrier to the consignor.
- e. Time Limit:** The importer shall present the bill of entry before the end of the next day following the day (excluding holidays) on which the aircraft or vessel or vehicle carrying the goods arrives at customs station at which such goods are to be cleared for home consumption or warehousing.
- f. Prior bill of entry:** Provided that a bill of entry may be presented at any time not exceeding 30 days prior to days of the expected arrival of the aircraft or vessel or vehicle by which the goods have been shipped for importation into India

- g. Late fee:** Provided further that where the bill of entry is not presented within the time so specified and the proper officer is satisfied that there was no sufficient cause for such delay, the importer shall pay such charges for late presentation of the bill of entry as may be prescribed.

3. Clearance of Goods for Home Consumption (Section 47)

Where the proper officer is satisfied that

- Any goods entered for home consumption are not prohibited goods and
- The importer has paid the import duty, if any, assessed thereon and any charges payable under this Act in respect of the same.

The proper officer may make an order permitting clearance of the goods for home consumption.

Illustration 5

Explain briefly with reference to the provisions of the Customs Act, 1962

(1) Shipping Bill

(2) Bill of Export (ICAI)

(3) Entry Outward (ICAI Material)

(4) Export General Manifest (ICAI)

(5) Export Report

Solution

1. Shipping Bill

It is a document presented by an exporter to the customs authorities for clearance of goods meant for export.

Types: In the case of goods to be exported in a vessel or aircraft - a **shipping bill** and

In the case of goods to be exported by land - **bill of export**

Content of shipping bill: Name of exporter consignee, Clearing House Agent, Port of discharge, Porto of loading, Country of destination, Marks and No. of packages, Statistical code and description of goods, quantity and FOB value of goods.

Time of presentation of shipping bill: Only after an entry outward has been granted to the vessel by which the goods are to be exported,

However, under special circumstances, the Commissioner of Customs may permit advance Shipping - Bills to be filed.

2. Bill of Export

As per section 2(5) of the Customs Act, 1962 means a bill of export referred to in section 50.

Section 50 inter alia provides that the exporter of any goods shall make entry thereof by presenting to the proper officer in the case of goods to be exported by land route.

3. Entry outward

Section 39 stipulates that export goods are not to be loaded on vessel until entry outwards is granted.

The master of the vessel shall not begin the loading of any export goods, other than baggage and mail bags, until an order has been given by the proper officer granting entry - outwards to such vessel. **This restriction is for vessels and not for aircraft and vehicles.**

4. Export General Manifest

Export General Manifest contains a complete list of the cargo exported in a conveyance under the control of person - in - charge of such conveyance.

Types

- **In the case of a vessel aircraft:** a departure manifest or an export manifest by presenting electronically, and
- **In the case of a vehicle,** an export report,
If person in charge fails to deliver the same then the penalty upto Rs.50,000 is leviable.

5. Export Report

Export report contains a complete list of the cargo **exported by land route** in a conveyance under the control of a person - in - charge of such conveyance.

As per section 41 of the Customs Act, 1962, The person - in - charge of a conveyance carrying export goods or imported goods or any other person as may be specified by the Central Government, by notification, shall, before departure of the conveyance from a customs station, deliver to the proper officer an export report.

Illustration 6

State the provisions of transshipment of goods without payment of duty under section 54 of the Customs Act, 1962 (section 54) (ICAI Material)

Solution

TRANSHIPMENT OF GOODS WITHOUT PAYMENT OF DUTY (SECTION 54)

1. Where any goods imported into a customs station are mentioned in the arrival manifest or import manifest or the import report, as the case may be, as for transshipment to any place outside India, **such goods may be allowed to be so transhipped without payment of duty.**
2. Where any goods imported into a customs station are mentioned in the import manifest or the import report, as the case may be, as for transshipment:
 - a. To any major port as defined in the Indian Ports Act, 1908 or the customs airport at Mumbai, Calcutta, Delhi or Chennai or any other customs port or customs airport which the Board may, by notification in the Official Gazette, specify in this behalf, or
 - b. To any other customs station and the proper officer is satisfied that the goods are bona fide intended to transshipment to such customs station,

The proper officer may allow the goods to be transhipped, without payment of duty, subject to such conditions as may be prescribed for the due arrival of such goods at the customs station to which transshipment is allowed.