

 **CENTRAL BOARD OF EXCISE & CUSTOMS** 


South Asia Sub - Regional Economic Cooperation (SASEC)


South Asia Subregional Economic Cooperation

Government of India  Department of Revenue

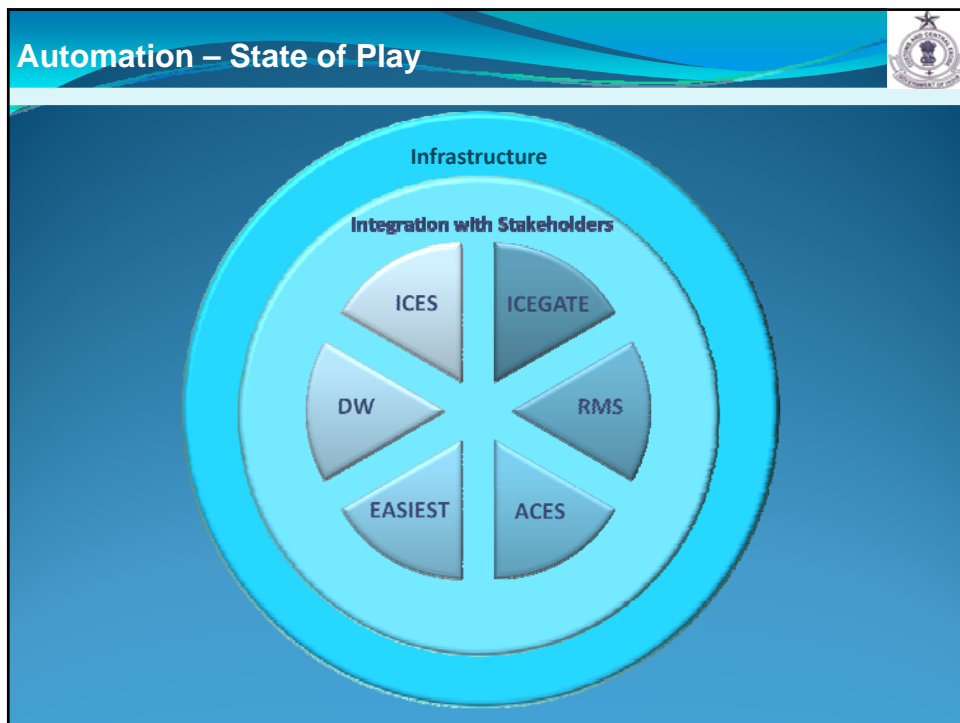
Ministry of **FINANCE**

Presented By: Shri Ananth R – Deputy Director (Indian Customs)

Agenda 

- A. Automation in Indian Customs – An Overview
- B. SASEC Data Exchange – Possible solutions & Challenges
- C. Qns & General Discussion

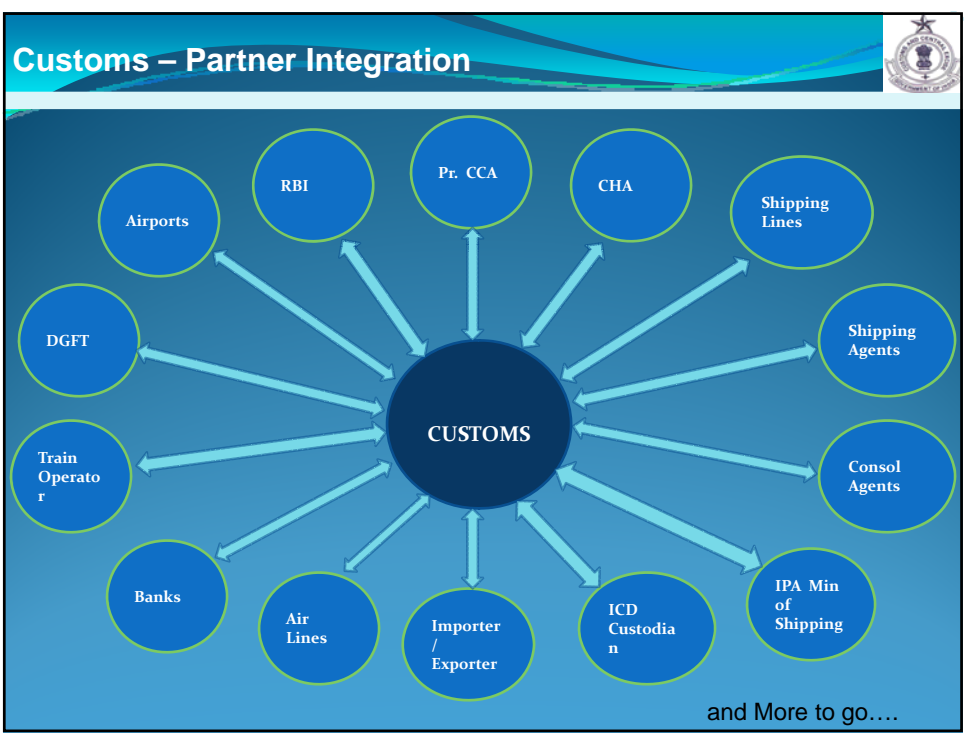
Automation in Indian Customs



Automation – Multiple Applications and Linkages



- ❖ Multiple Applications with Inter-linkages between applications
- ❖ Integration with Stakeholders – Importers / Exporters, Custom House Agents (CHAs), Shipping Agents, Banks, Ports, DGFT etc.
- ❖ Infrastructure support – Thin Clients, LAN/WAN, Servers, Printers, Security of applications, Data and infrastructure
- ❖ Three basic infrastructure hosting sites:
 - ✓ *Primary, Business Continuity and Disaster Recovery*
- ❖ CBEC offices and Field Formations connected over a nation wide network:
 - ✓ *539 locations (WAN), 1210 buildings (LAN)*



Automation Components (Part 1/2)



1

- ICES1.5**
- Customs Work flow application
 - Working in 128 locations
 - Facility to capture data of manual documents

2

- RMS**
- Risk Management application
 - Working in 106 Import locations and 116 Export locations
 - Upgraded version integrated with ICES 1.5

3

- ICEGATE**
- Gateway between Customs and other stakeholders
 - Handling 98% of the import / export declarations
 - Enhanced features like document tracking
 - Tight integration with Banks and DGFT

Automation Components (Part 2/2)



4

- ACES**
- | | |
|--|-----------|
| - Central Excise Registration Applications | 27,376 |
| - Central Excise Returns | 14,66,627 |
| - Service Tax Registration Applications | 3,40,224 |
| - Service Tax Returns | 24,17,853 |

5

- EASIEST**
- e-payment - 97% of the revenue in Central Excise
 - 78% of revenue in Service tax
 - Authentic source to know revenue collections details by next day

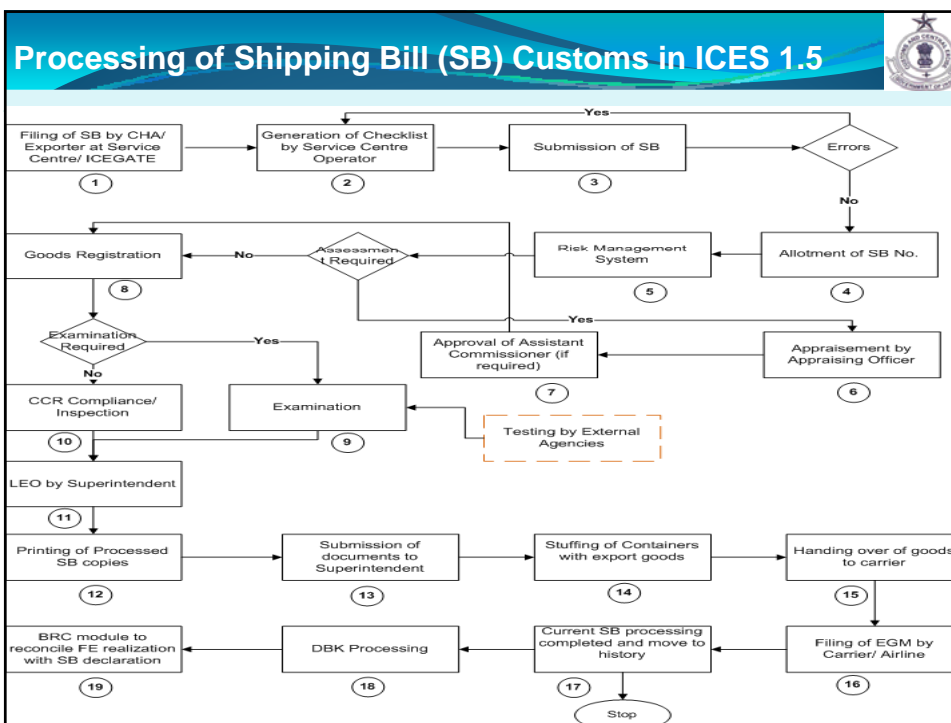
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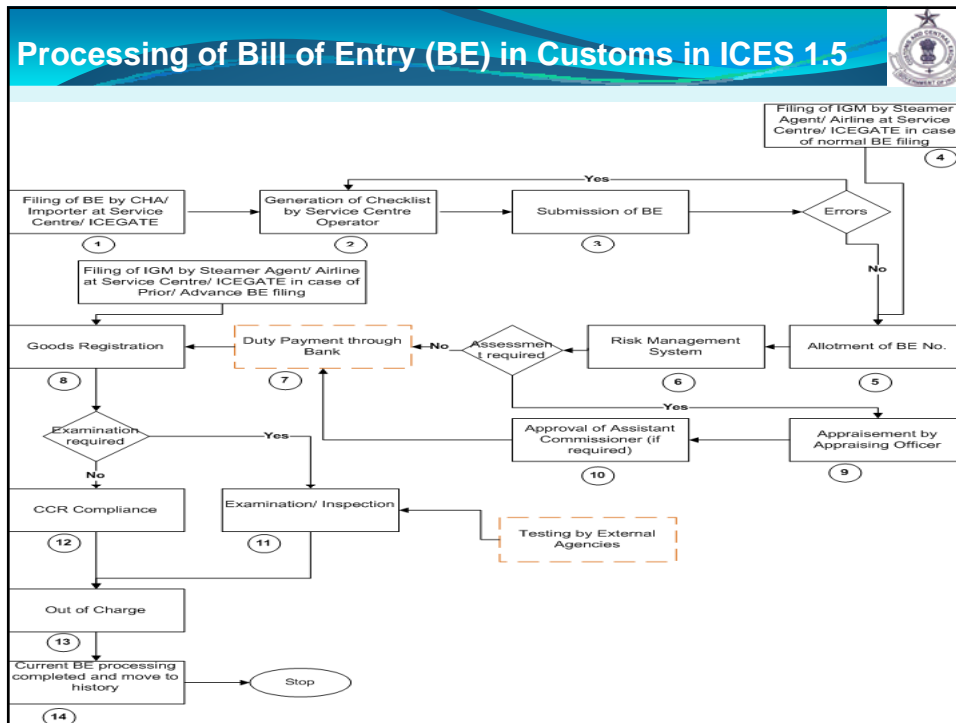
DATA WAREHOUSE

- Cumulative view of the Customs, Central Excise and Service Tax data sourced from ICES 1.5, ACES, and EASIEST

1 Indian Customs EDI System (ICES) 1.5 - Features

- ❖ Filing and amendment of import and export declarations and manifests
- ❖ Admission and acknowledgement
- ❖ Processing (Integrated to RMS)
- ❖ Queries to and responses of the trade
- ❖ Payment of duty online/Physical payment
- ❖ Bond and License management
- ❖ RMS facilitation and risk assessment
- ❖ Online messages exchange
- ❖ Status enquiry at any point of time - 17 different types
- ❖ Post Clearance Audit





Indian Customs EDI System (ICES) 1.5 - Benefits

- ❖ Uniform application
- ❖ Transparent processing
- ❖ Reduced physical interface
- ❖ Reduced dwell time
- ❖ Efficient cargo clearance
- ❖ Efficient monitoring and control by senior management


2 Risk Management System

- ❖ Conceptualized in 2005
- ❖ New version for ICES in 2010
 - ✓ Focus on high risk consignments / entities
 - ✓ Facilitate low risk consignments / entities
- ❖ 106 locations covering 99.6% of EDI import cargo
- ❖ 116 export locations covering 99% of EDI export cargo
- ❖ National Average Facilitation : 64%
- ❖ Extra Revenue Realized : USD 375 Mn in 2013-14
- ❖ Reduction in Customs related dwell time
- ❖ Improved compliance; Efficient allocation of resources

Accredited Clients Program

- ❖ ACP: Low risk entities with proven credentials
- ❖ Transparent criteria for accreditation
 - ✓ Willingness to comply
 - ✓ Capacity to comply
- ❖ Scrutiny of track record & Turnover etc
- ❖ No. of Accredited Clients : 299
- ❖ Assured facilitation in customs clearance
- ❖ Random checks to verify compliance
- ❖ Intervention where necessary

3 Indian Customs EDI Gateway (ICEGATE)



Transactional

- Document Filing
- Acknowledgement
- Customs Duty Payment
- e-payment
- Disbursal of Incentives
- Messages
- Cargo handling/Carrier operations
- Licensing Authority
- IPR Registration
- Other Department

Tracking

Real time tracking

- ICEGATE
- Customs EDI
- Trade Partner end

15 Types

Help Desk (24X7)

- Toll Free
- E-mail

Regulatory & Reporting

Seamless Data Exchange across Ministries

Ministry of Commerce

- DGFT
- DGCI&S
- SEZ


Central Bank - RBI

Ministry of Steel

Customs Department


- DGOV
- DRI

ICEGATE – Key Indicators (2014-15)




Locations covered	128
Number of documents handled	11.07 Mn
Customs operations in EDI	98%
ICEGATE e-Filing	83%
Number of messages operating	127
Categories of Trade Partners covered	19
Number of Bank challans for epayment	1,59,195 per day
Customs Duty Collection	18,54,935 Mn (Indian Rs.)
Export Incentive Disbursal in EDI	2,66,159 Mn (Indian Rs.)
Website No of Hits	28,862 per day

Benefits of Enterprise Data Warehouse

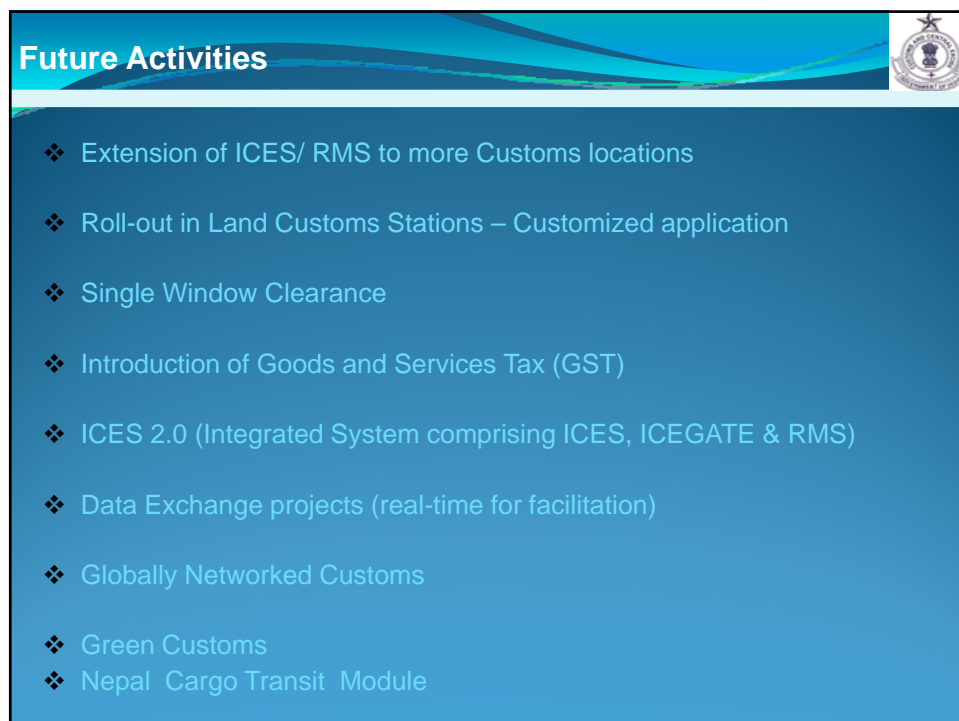
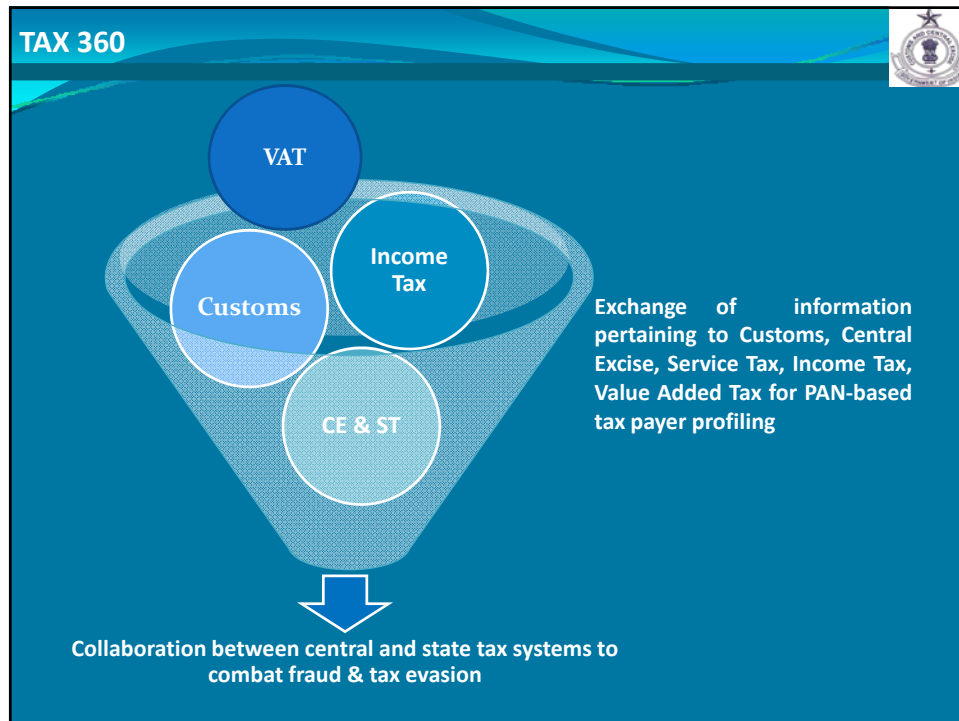


Empowers Users	Empowers users to take timely decisions at strategic and/or operational level based on the reports and analytical functionalities that have been provided.
User-Friendly Tools	EDW uses advanced user-friendly tools enabling to create reports, charts and analysis without the need to write queries through simple, easy keyboard/mouse operations.
Dashboarding	Interactive Dashboards designed in order to enable visual analysis of the indirect tax data. Gives a snapshot of the key performance parameters for informed policy decisions.
Single System	All required information from different sources (ACES, ICES and EASIEST) is provided in one single system. In the data warehouse the data is automatically updated from ACES, ICES and EASIEST.
Statistical/ Analytical Reports	Statistical reports from Data Warehouse serves analytical & reporting requirements of internal and external agencies like other Ministries, Parliament etc. for purpose of policy formulation, intelligence, enforcement and monitoring of revenue collection.


Smart EDW Business Intelligence Dashboard

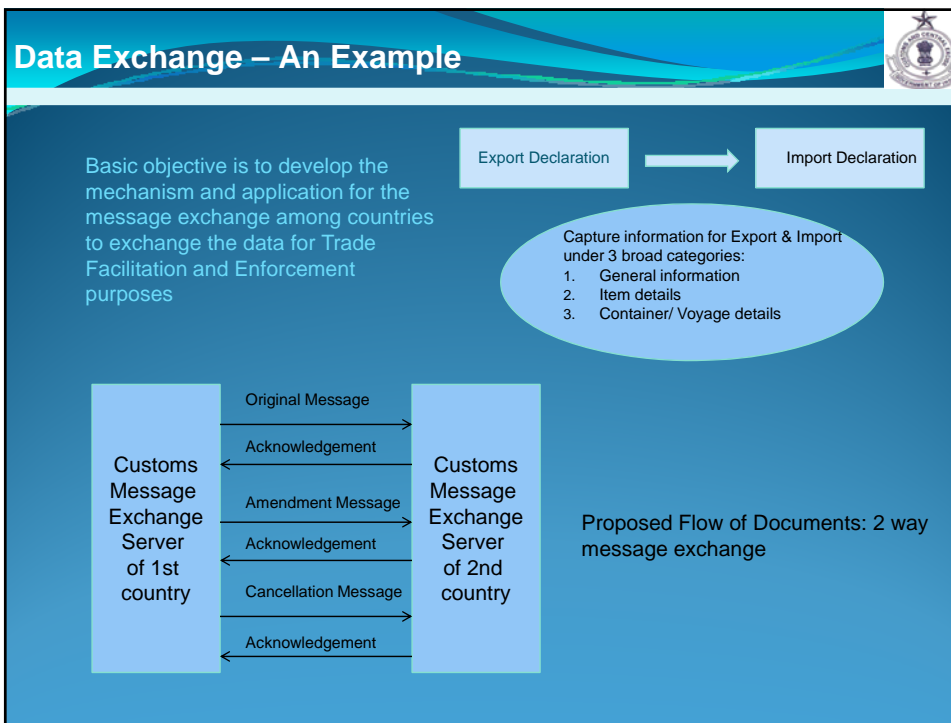


Monitoring & Macro Analysis	Revenue Targets & Collection Dashboard Daily/ Monthly - National, Zonal	Strategic Analysis of Import Dependence Country - Commodity Matrix
Drill Down Dashboards	Commodity Level Analysis	Assessee Level Analysis



SASEC Data Exchange Solutions & Challenges

Data Exchange - Globally Networked Customs - UB 			
#	Layer	Requirements	Challenges
1.	Business Rules	IT Readiness Legal Authority Purpose of Such data Exchange	Political willingness Use of such data IT Capability to handle such exchange
2.	Data Cluster Layer	Utility Block – defining Scope – E.g. Declaration, Transit, Guarantee	Alignment/Mapping of data fields – Business Process Re Engineering-
3.	Trigger Layer	Trigger Event - Pre Arrival; Exit ; Arrival; Post Arrival	Both needs to have same trigger Data sufficiency at the time of trigger
4.	Interface Layer	Defining Message formats/ Information needed for exchange	Unique Reference No.
5.	Integration Layer	Technology used for such interface	
6.	Communication Layer	Secure connections – Encryption	International Exchange - Extra care Recognition of Digital Signatures Equipments – supporting standards
7.	Capacity Building	Training of Officers Establishing such system Lessons learnt in pilot Third party technical expertise	



Data Exchange Methods – Technical aspects

#	Components	Analysis	
1.	Communication	Following communication protocols can be used: <ul style="list-style-type: none"> • Secure VPN over internet using IPSEC protocol in tunnelling mode 	<ul style="list-style-type: none"> • Secure VPN establishes encrypted tunnel for secure information exchange • User authentication details to be shared by both sides to access Message Exchange server
2.	Authentication Methods	<ul style="list-style-type: none"> • Digital signature based authentication using Class III digital certificates 	<ul style="list-style-type: none"> • Digital signature at message level
3.	Algorithms & Encryption	<ul style="list-style-type: none"> • AES- 256 • SHA-2 • ISAKMP (Internet Security Association and Key Management Protocol) 	<ul style="list-style-type: none"> • Encryption and Hashing shall be implemented to check the integrity of the files exchanged
4.	Message Format	File formats can be used: <ul style="list-style-type: none"> • Excel Spreadsheet file • Text file • XML file 	XML is universal in nature – simple yet powerful
5.	Frequency of exchange	<ul style="list-style-type: none"> • Frequency of exchange to be predefined • Predefined threshold time • Defined escalation matrix 	

