Ease of doing business – Customs Initiatives

J.M. Kishore

Ease of doing business is a much talked concept now in the trade. The Doing Business Report (DB) is a study which has been elaborated by the World Bank Group since 2003. The study is in the field of private sector development and is meant to motivate the design of many regulatory reforms among the trading countries.

The study presents, every year, a detailed analysis whereby an index is prepared and published , with rankings to all countries. At present, 189 countries are ranked on their ease of doing business, by this publication. A higher ease of doing business ranking indicates the regulatory environment is 'more conducive' to the starting and operation of a local firm. The rankings are determined on the basis of 11 parameters, each consisting of several indicators, giving equal weight to each parameter.

As per the available data, the index published in 2015, top 5 positions have been occupied by Singapore, New zealand, Hong kong SAR China, Denmark and Republic of Korea. India is ranked 142 out of 189 countries. India's ranking

Central Board of Customs and Excise (CBEC) also has taken up initiatives during last one year with an objective to facilitate trade and improve ease of doing business. Several measures have been taken by the Board in respect of Customs, Excise and Service Tax matters. Initiatives in respect of Customs are as under:

• **Only three documents made as mandatory for imports and exports:** As part of simplification of procedures only three mandatory documents for Export and have been prescribed w.e.f. 01-04-2015.They are

1. Bill of Lading
2. Commercial Invoice cum Packing List
3. Shipping Bill / Bill of Entry

However, for import and export of special nature under preferential agreements etc., the requisite documents will be required to be submitted . CBEC Circular No. 1/2015 Dt.12-01-2015 . Ministry of Commerce had also notified the same in the current Foreign Trade Policy vide Para 1.15 .

• **Single Window Project:** The project provides a single and common platform to trade to deal with documents required for clearance of goods from Customs. Several regulatory agencies – Animal/ Plant Quarantine departments, Drug Controller, FSSAI ,Textile Committee etc are to have a common interface and trade can have access to the required approvals from these agencies through electronic means. Objective is to reduce the dwell time, reduction of costs, enhanced transparency, reduced duplicity . As a beginning, an electronic online message exchange facility has been established from April 1st this year, between Customs and the Food Safety and Standards Authority of India (FSSAI) and the Department of Plant Quarantine (PQ) offices at JNPT (Nhava Sheva), ICD, Tughlakabad and ICD and at Patparganj,. Details are available from CBEC Circular No.9/2015 Dt. 1.03.2015. Other regulatory agencies would be linked to Customs soon and the facility is to be extended to all Customs stations also.

• **24x7 Customs Clearance:** From December 2014, facility of 24x7 Customs clearance for specified clearances has been introduced by Customs. They are :

- Facilitated' Bills of Entry,
- Exports of factory stuffed containers and
- Goods meant for export under free Shipping Bills – i.e, where no incentives are claimed by exporters.

The facility is extended to 18 sea ports. This facility , in respect of clearances through Air is also extended to 17 Air cargo complexes .This will help in faster clearance of such imported and export goods. CBEC Circular No. 19/2014 Dt. 31.12.2014 may be referred.

• **Digital Signature:** To encourage paper less working, from April 2015, on an optional basis the facility of 'Digital Signature' has been introduced for importers, exporters, airlines, shipping lines etc. It is made mandatory for importers registered under the 'Accredited Client Programme' (ACP), from 01.05.2015. Introduction of digital signature will maintain data integrity and reduce cost of compliance as clarified by CBEC vide Circular No.10/2015 Dt. 31.03.2015.

• **Customs Clearance Facilitation Committee (CCFC) set up:** A high level administrative Committee is established at all major Customs stations under the chairmanship of the Chief Commissioner/ Principal Commissioner/ Commissioner of Customs. Other members of the Committee included senior-most functionary of the other government departments/agencies. The Committee would also help in resolving grievances of members in procedural issues .Details are in CBEC Circular No. 13/2015 Dt. 13.04.2015.

• **Customs Act,1962 - penal provisions rationalised :**

☐ No penalty if duty along with interest is paid within 30 days of issue of Show cause Notice.(Proviso to Section 28(2) of The Customs Act,1962)

☐ Only 25% of the Penalty imposed in adjudication Order can be paid apart from the Duty and interest confirmed (import- Section 112(b)(ii) and Export – Section 114(ii) of The Customs Act,1962)

• **No Prosecution in certain circumstances:** Instructions have been issued providing for withdrawal of prosecution where a noticee has been exonerated in the quasi-judicial proceedings and such order has attained finality. – CBEC Circular 998/05/2015 Dt. 28.02.2015.

Sector specific facilities:

• **Notified Zone for trading of rough diamonds:** With an intension to make India into a hub for trading of rough diamonds, a 'Special Notified Zone' has been operationalised at Bharat Diamond Bourse at Mumbai. Major diamond mining companies are permitted to import rough diamonds for display /auctions within the specified customs area and seek to re-export the unsold consignments. Details in CBEC Circular No. 17/2015 Dt. 26.05.2015.

• **Life saving drugs and medicines customs duty exempted**: Life saving drugs and medicines imported by an individual for personal use are fully exempt from Customs duty subject to a certificate.

• **No certificate from** the Ministry of Road Transport (or NHAI), for availing of customs duty exemption on specified goods required **for construction of roads,** Customs Notification No.12/2014 Dt. 11.07.2014 .

The requirement of registration with Directorate General of Shipping for availing the customs duty exemption by ship repair units has been done away with. CN 12/2012 as amended by CN 43/2015 Dt.04.08.2015.

TOPICS	2015 Rank	2014 Rank
Starting a Business	158	156
Dealing with Construction Permits	184	183
Getting Electricity	137	134
Registering Property	121	115
Getting Credit	36	30
Protecting Minority Investors	7	21
Paying Taxes	156	154
Trading Across Borders	126	122
Enforcing Contracts	186	186
Resolving Insolvency	137	135

Drug regulatory body to set up exclusive unit at Hyderabad Pharma City

Units can get quick clearances

Amit Mitra

Units coming up at the upcoming Pharma City at Macherla in Rangareddy district of Telangana will not have to shuttle round for getting regulatory clearances or having their facilities inspected at regular intervals. This is a highly time-consuming process, often delaying project start-ups and dimming productivity.

As part of a new concept, the Telangana Drug Control Department has decided to expand and set up a separate drug control unit at the Pharma City itself for quicker regulatory clearances.

This expansion of DCA was discussed at the State-level Cabinet Sub-Committee meeting on October 8.

Dr. Akun Sabharwal, IPS

The Pharma City is being set up over a sprawling extent of 11,000 acres and is expected to have the entire infrastructure in place by 2017. The infrastructure includes common effluent treatment facility, a full-fledged pharmaceutical university and a research unit.

The Government has already acquired 2,000 acres of land for the project and work is on briskly to acquire the remaining land.

Given the huge size of the project, the DCA has proposed to set up a separate unit within the complex, which will be headed by an officer of the rank of a Joint Director. It will have four Assistant Directors and 10 Drug Inspectors.

Funding:

As per the proposal, the DCA unit in the complex will get funding from the Centre and the State. While the Centre has agreed to pay Rs. 21 crore, the State will chip in with Rs.7 crore. It will have an exclusive building with laboratory and testing facilities.

"Pharma units need a set of 18 regulatory licenses, including for testing, manufacturing and laboratory. With a DCI unit within the complex, units there can get these licenses in a very short time," Mr. Akun Sabharwal, Director of Telangana DCA, told this correspondent.

The DCA is also going the US FDA way by promoting specialisation of inspectors in all verticals of manufacturing for better efficiency. In fact, a team of US FDA officials visited the facility recently.

Hyderabad has emerged as a manor pharma hub, with about 500 pharma and biotech companies, including majors like Dr Reddy's Laboratories and Aurobindo Pharmaceuticals.

As part of the DCA expansion, the organization is restructuring its set-up to nurture specialization among the inspectors for different categories of drug making. In the old set up, the organization had three wings of sales, manufacturing and laboratory.

"Now, we are changing this set up and instead going in for specialization in six different verticles, including vaccines, blood and biologics, non-radiation medical devices, APIs, biotech, and animal/veterinary products. Inspectors will have specialization in each of these verticles, much the same way as US FDA," Mr. Sabharwal said.

He said the inspection and certification standards in Telangana were in fact almost of the level of pharma regulator Pharmaceutical Inspection Co-operation Scheme (PICS), although India is yet to join this regime.

PICS standards are said to be extremely stringent and Indian pharma units need to really upgrade to conform to these.