

Ref. : Plexh/Cir/1556

3<sup>rd</sup> November, 2017

All Members/All Members of the COA

Dear Members,

**Sub: Regarding implementing Electronic Sealing for Containers by exporters under self-sealing procedure**

**Ref. : Circular No. 41 / 2017-Customs dated 30th October, 2017**

This has reference to our earlier circular ref. nos. Plexh/Cir/1415 dated 04.10.2017 & Plexh/Cir/1373 dated 26.10.2017 regarding details of vendors providing E-seals and clarifications on RFID Electronic Seals under Self Sealing Procedure Implementation Deferred till 1st Nov 2017 respectively. The new procedure of self-sealing was supposed to become effective from 1st November 2017. Based on the representation made by various trade promotion bodies regarding their concerns about the procedure/availability of e-seals to the concern department, CBEC has now issued Circular No. 41/ 2017-Customs dated 30/10/2017 (attached herewith) providing information on various aspects of Electronic Sealing for Containers by exporters under self-sealing procedure.

The important points from the above-said circular are highlighted/ reproduced as follows:

- 1) With self-sealing using RFID e-seals : - This measure is expected to reduce transaction costs of exporters since they do not have to incur MoT charges in respect of supervising stuffing as well as improve their timeliness of their exports
2. Attention is drawn to para 5 of circular 37/2017-Customs dated 20th September 2017 stating the date for mandatory e-sealing shall be 1st November 2017. In order to take stock of the preparedness of the trade, field formations, the Board has held consultations with the vendors.
  - a)It is understood that the fixed Readers are already in place at Chennai port and are being already used to monitor the movement of trucks from CFSs to the Port.
  - b)During the consultations, it has also been informed that installation of fixed readers at Mangalore and Cochin will be completed by 31st October 2017.
  - c)It is also learnt that hand held Readers have been provided to Kolkata Port and to all ICDs in the NCR region.
  - d)It has been informed that handheld readers have been dispatched to over 50 customs stations including JNCH, Mumbai, Mundra, Pipavav, Hazira etc.

e) Commissioner of Customs, ICD, Patparganj and Kolkata have already had a familiarization program for the officers.

3. The following clarifications are provided for the sake of uniformity and better understanding of the new procedure.

4. Circulars 26/2017 and 36/2017 have obligated following classes of exporters to adopt RFID e-sealing:

(a) exporters already enjoying the facility of self-sealing after having been approved by jurisdictional formations under the erstwhile procedures;

(b) exporters who have hitherto been availing of supervised sealing and have been automatically entitled to avail of self-sealing using RFID e-seals, without having to expressly seek any permission/approval of the jurisdictional commissioner for this purpose;

(c) AEOs, regardless of whether they were self-sealing or undertaking supervised sealing, have also been entitled to avail of the new procedure;

(d) Lastly, all exporters have been extended this facility subject to their filing GST returns but after seeking permission for self-sealing from the jurisdictional Commissioner as per procedure prescribed under para 9(iii) of circular 26/2017-Cus dated 1st July 2017.

5. The procedure prescribed under the above circulars applies only to cargo in full container load, sealed at an approved premise, by an entitled exporter. In case of an FCL being received at a Port or ICD under self-sealing using RFID e-seals, prescribed under circular 36/2017- Customs dated 28th August 2017, it shall be deemed to be equivalent to a container sealed under the erstwhile system of officer supervised sealing. Unless and until there are good reasons or intelligence to warrant inspection of such containers, there shall be no need for examination of such containers once the RFID e – seal is read as intact or not tampered.

5.1 In case an RFID seal affixed on a self-sealed container is found tampered, the same shall be subject to examination as already prescribed under para 2(f) of Circular 36/2017-Cus dated 28th August 2017. However, after examination, the further movement of such a container shall not be under the RFID e-seal procedure. The existing system of using the traditional bottle seals by customs shall continue for such movements.

5.2 Full containers brought to Ports without RFID e-seals shall be taken to a CFS or allowed direct port entry, as the case may be, and will be subject to usual RMS treatment. Similarly, Full Containers Loads arriving at ICDs, but without RFID e-seals, will be subject to usual risk management parameters.

6. The issue of the type of readers that vendor shall provide to customs has also been raised. The Board has permitted vendors to either provide fixed readers, in consultation with custodians at Ports and ICDs, or provide handheld Readers. Due to the flexibility provided by Handheld Readers, in as much as officers can use them to read seals at the point of entry or at the place of stacking or when containers are being loaded for further movement, the same are preferred. Vendors are advised that when they provide fixed readers, services must be supported with handheld readers so that

officers can carry out additional checks at any point within the Port/ICD. Accordingly, the readers to be provided shall be:

(a) Rugged and capable of withstanding shocks and vibrations and be generally adapted to outdoor/industrial environment.

(b) Integrated devices with a large display screen for viewing of data fields specified in para 4 of circular 36/2017 customs.

(c) The aforesaid data elements shall be displayed on the Reader display, on scanning of the e-seal by Customs.

6.1 Furthermore, all vendors shall provide an application on a desktop computer to be made available by field formations so that e-sealing data pushed to the destination customs port / ICD is searchable in terms of any of the data elements prescribed under para 4 (a) of circular 36/2017 customs. The said application may be made available in reasonable time but not exceeding 30 days from the date of this circular. In the meantime, the data elements shall be transmitted in excel format to risk management division (RMD) and the concerned field formation from where the cargo is to be exported. Field formations and RMD are advised to immediately communicate the email IDs for this purpose to vendors.

6.2 It is also re-iterated that data once uploaded by the exporter should not be capable of edited or deleted.

6.3 The web application shall capture the location where the RFID e-seal is read.

6.4 The vendors shall transmit the IEC details of such exporters who have purchased the RFID e-seals to RMD on a daily basis. The IEC number and the name of exporter shall be provided only when the vendor makes the first sale to the exporter; there is no need transmit the details of the exporter each time a sale is made.

6.5 The vendors shall make all efforts to serve the requirements of maximum number of exporters by providing the RFID e-seals. They shall also provide Readers to all the customs stations from where the client exporters are exporting their cargo. The department reserves its right to direct vendors to provide Readers at any particular port/ICD.

7. The list of stations where Readers have been provided by Vendors is annexed to this circular. As and when coverage is extended by vendors to more customs stations, they shall be included in the list of Ports / ICDs where e-sealing would be mandatory. While for the benefit of the trade, Board shall update the list of Customs stations from time to time, field formations are advised to issue trade notices regarding availability of Readers as soon as these are available at their Port/ICD.

8. While the progress made in the coverage of reader network across ports and ICDs is well recognised, but factoring that it may take some time for the field formations to fully set up systems and procedures for handling RFID e-sealed containers as well as receipt of data, the Board has decided that mandatory e-sealing for different classes of exporters shall be brought in a phased manner as indicated below:

8.1 In respect of all exporters who have been permitted self-sealing facilities under erstwhile procedures and exporters who are AEOs, it would be mandatory to seal their export containers with prescribed RFID e-seal w.e.f 8th Nov. 2017. Any non-compliance will subject the containers to usual RMS parameters.

8.2 In respect of the category of exporters who are availing supervised stuffing at their premises, extant practice of supervised stuffing may continue till 19th November 2017. With effect from 20th November 2017, they shall have to switch to RFID e-sealing procedures.

8.3 Regarding the exporters who have newly applied to the jurisdictional customs authority for self-sealing permission under circular 26/2017-Cus dated 1st July 2017, they shall commence use of the facility subject to grant of permission and upon adoption of RFID e-sealing.

9. The applicable date for RFID e-sealing implies that exporters are required to use this procedure from the prescribed date. Any container sealed at the exporters premises before the prescribed date, shall not be required to be brought with RFID e-seal.

9.1 It is also clarified that those exporters who are in possession of RFID e-seals are at liberty to commence availing the facilitative procedures forthwith. It may be recalled that vide circular 37/2017-Cus, the e-sealing procedure had been made voluntary subject to availability of reader facilities.

10. As the RFID e-seal based self-sealing procedure has been introduced as a measure of export facilitation, the field formations are advised to guide the exporters and work closely with the private service providers for smooth roll-out of the system.

11. The procedures in respect of customs stations where readers have not been provided by any vendor so far shall continue till 31st December 2017, as per existing practice. Board shall take necessary steps to make sure that the readers are made available at such customs stations by 1st January 2018.

Members are requested to take note of above circular.

With best regards,

Yours sincerely,

Sribash Dasmohapatra

Executive Director