PUBLIC NOTICE NO. 42/2013

Sub: Implementation of procedure with support of CLRI to improve inspection of export of finished leather consignments – reg.

Attention is invited to all trade and other stakeholders, especially Leather Exporters, with regard to change in examination proceedings for export of Leather consignment. Earlier all the leather consignments were examined by in-house leather experts to ensure that only finished leather is exported. It has been brought to the notice of Board that some unscrupulous exporters were exporting semi-processed leather in the guise of finished leather for evading applicable export duty. Hence, Ministry of Commerce and Industry had recommended for an inspection procedure wherein presence of officials from CLRI (Central Leather Research Institute) at identified Customs stations will regulate this unauthorized export. The CBEC also issued an instruction on 16th April 2013 vide F.No. 450/39 / 2012-Cus IV.

2. The CLE (Council for Leather Exports) and a number of leather exporters expressed their concern over the time lag in the process of drawal of sample by CLRI (Central Leather Research Institute) officials and the testing thereof. Accordingly, to facilitate the trade, the following procedure for examination of consignments declared as “Finished Leather” is prescribed –

2.1 For the convenience of trade and the CLRI officials, as proposed by Council for Leather Exports (CLE), it is decided that the office of the CLRI officials will be located in Netaji Subhas Chandra Bose Dock / CFS. CLRI officials will be available for examination and drawal of samples in the location from 10:00 AM to 6:00 PM on all working days of Docks examination.

2.2 PROCEDURE OF ASSESSMENT & EXAMINATION:
A) The product shall conform to finished leather norms prescribed under DGFT Public Notice 21/2009-14 dated 01-12-2009, failing which it will be subjected to export cess as defined in Sl. No. 26 of Schedule 2 of Customs Tariff Act, 1974 as amended.

B) The officials of CLRI shall assist Customs officers in examination of export consignments of leather. Where required, samples shall be drawn by Customs in presence of officials of CLRI. Samples so drawn by Customs shall be sent to CLRI or approved Lab for testing and till receipt of the test report such shipping bills shall be provisionally assessed.

C) The exporters on filing Shipping Bill shall execute a provisional bond as per Customs (Provisional Duty Assessment) Regulations, 2011. The exporters registered with CLE may execute a simple bond for this purpose. For other exporters, additional security equal to 20% of export duty leviable, or as proper officer deems fit, will be required.

D) The Exporter shall also pay necessary charges for testing to CLRI or approved Lab in the mode as agreed between CLRI or other approved Lab & CLE.

E) On goods Registration, the goods shall be presented to Customs authorities and CLRI officials.

F) CLRI officials where samples have been drawn, shall endorse with their stamp in Test memo in triplicate as given in the annexure. The details of Shipping Bill shall also be written at the back of each sample and endorsed by Customs and CLRI along with their stamps. First copy of Test memo shall be retained along with the samples. Second copy to be handed over to exporter / representative.

G) After due examination, the examining officers shall make following entry in the departmental comments “This S/B assessed provisionally subject to outcome of test result from CLRI or approved Lab on sample No. .... The provisional bond numbered .... is submitted to DC/AC Export Shed., in this regard”.

H) After due examination, “Let export order” may be given in EDI system by proper officer, if everything found in order.

I) Third copy of the test memo is to be placed in the Docket retained in docks. A register will be maintained by each CFS / Dock, indicating the details of the sample drawn, under supervision of DC/AC of concerned Export Shed.
J) CLRI / other approved Lab will forward the test results to the concerned Deputy/Asstt. Commissioner (Export Docks) of respective CFS/Dock from where the samples were received.

K) If the test report confirms it to be “Finished Leather” as per declaration of the exporter, the shipping bill will be finalised and the bond will be closed. Otherwise, the goods would be subjected to applicable Export Duty and further necessary action will be taken in accordance with law.

3. The CLRI shall devise an appropriate procedure for registration charges, systematic drawal, dispatch & testing of the samples, expeditious dispatch of test report, and proper maintenance of data for the activities carried out in this regard. The CLRI shall also prescribe the format of register to be maintained and given instructions to their officials in this regard.

4. This will take immediate effect. Difficulties, if any in the implementation of this Standing Order may be brought to the notice of the undersigned.

F. No: S 60 (Hisc.) - 126/2013 P (A)

(S.K. Das)
Commissioner of Customs (Port)
Custom House, Kolkata