

FORTY-NINTH REPORT ESTIMATES COMMITTEE (1994-95)

(TENTH LOK SABHA)

MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)-
CUSTOMS CLEARANCE AT
INTERNATIONAL AIRPORTS



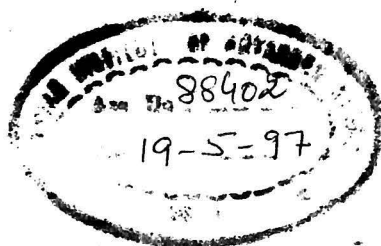
Presented to Lok Sabha on 28 April, 1995

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**CORRIGENDA TO FORTY-NINTH REPORT OF ESTIMATES COMMITTEE
(TENTH LOK SABHA) ON MINISTRY OF FINANCE (DEPARTMENT OF
REVENUE)-CUSTOMS CLEARANCE AT INTERNATIONAL AIRPORTS**

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16	2.14	10	assessed	assessed
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86	5.14	11	concern	concerned

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- (vii) Settlement of disputes in Assessment
(viii) Pilferage of goods/items during checking
of baggage for clearance

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COMPOSITION OF THE ESTIMATES COMMITTEE
(1994-95)

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Dr. Krupasindhu Bhoi

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| 3. Shri K.L. Narang | — <i>Deputy Secretary</i> |
| 4. Shri Raj Shekhar Sharma | — <i>Under Secretary</i> |

INTRODUCTION

1. I, the Chairman of the Estimates Committee having been authorised by the Committee to submit the Report on their behalf, present this Forty-Ninth Report on the Ministry of Finance (Department of Revenue)—Customs Clearance at International Airports.

2. The Committee considered the replies given by the Ministry of Finance (Department of Revenue) to a detailed questionnaire issued on the subject where after the Committee took evidence of the representatives of Ministries of Finance (Deptt. of Revenue), Civil Aviation and Tourism and Home Affairs on 17.2.1994. The Committee wish to express their thanks to the officers of the Ministry of Finance (Department of Revenue), Civil Aviation and Tourism and Home Affairs for placing before them the detailed written notes on the subject and for furnishing information desired in connection with the examination of the subject. The Committee also appreciate the frankness with which the officials/representatives shared their views, perceptions and constraints with the Committee.

3. The Committee also wish to express their thanks to Associated Chambers of Commerce and Industry of India, Federation of Indian Chambers of Commerce and Industry, New Delhi and Air Passengers Association of India, Madras for furnishing memoranda to the Committee.

4. The Report was considered and adopted by the Committee at their sitting held on 30.3.95.

5. The Report is divided into Five Chapters—each devoted to specific aspects. The Committee, have, *inter-alia* made the following important recommendations:

- (i) The uniform time limit for clearance of temporarily detained goods may be prescribed for each type of goods or pending re-export, production of documents in the light of past experience.
- (ii) As per requirement of natural justice the Government after deducting customs duty etc. from revenue obtained on disposal of the confiscated goods, should refund balance amount to the owner/passenger.
- (iii) The Ministry of Finance may be more considerate in acceptance of staff requirement for immigration clearance including additional staff for manning additional counters required for clearance of passengers and the entire flight at par with international standard. This besides improving the country's image abroad will also create an impression on the foreigners about India being modern and progressive.

(vi)

- (iv) Installation of computers in Bombay and other International Airports and proposed constitution of separate specialised services for immigration clearance at the International Airports may be completed with due promptitude.
- (v) Detailed enquiry giving complainants opportunity of being heard and collecting possible evidence, should be conducted and a report on these cases furnished to them within a period of six months. In case of complaints of pilferages the passenger should be compensated for the loss of non-declared items during the checking of the baggage for clearance and that the Air Customs Officers and Superintendents of Customs in-charge during the checking of the baggage for clearance in the instant cases should be immediately shifted and debarred from duty of baggage clearance at the International Airports.
- (vi) Two major simplification schemes of Self Assessment of Import Documents and 'Green Channel' for clearance of cargo which are at present available to importers of proven identity and unblemished record may also be extended in a phased programme to other regular exporters and for import cargo for export production.
- (vii) It is indeed a said paradox that while the Ministry of Finance is acting as the nodal Ministry in the Government of India in recommending and ushering reforms in the various statutes, legislations, rules and administrative procedures under the various Ministries and Departments of Government in the globalised economic scenario surprisingly it has failed to take necessary steps to simplify the archaic customs laws and revamp administrative procedures in order to articulate its goals, objectives and strategies towards removal of invisible barriers to get the benefits of trade and investment flows in the emerging world economic scenario.
- (viii) There is need not only for further simplification of customs laws and procedures but also rationalisation of customs tariff structure to facilitate speedy clearance of cargo in the wake of anticipated increase in India's international trade after opening up of the economy in the global context. This would also lead to faster clearance of goods and make India's exports more cost effective.
- (ix) In order to obviate under time lag in the process of sanction of staff and their placement Government may revamp administrative procedure and lay-down norms for fixation of posts on the basis of workload of clearance of passengers and cargo traffic at international airports and undertake review annually for requirement of additional staff on the basis of those norms. Government should review the existing system of recruitment for filling up of vacancies of officers and staff with a view to making it uniform for all the airports.

(vii)

- (x) Complaints such as harassment in the form of demand for money, pilferage, illegal detention of goods and extortion of foreign currency being criminal in nature should be investigated thoroughly. Wherever culpability is established the erring officials should be severely punished.
- (xi) The Ministry of Civil Aviation and Tourism (Deptt. of Tourism) should maintain close coordination with other agencies of the Government i.e., Custom Department and Ministry of Home Affairs for periodic review of requirements and timely provision of requisite facilities and services necessary for efficient clearance of international passengers and their baggage at par with international standard at all the international airports. All agencies Customs, immigration, police, security, IAAI would work in unison and maintain better coordination even when there is considerable bunching of flights.

6. For facilities of reference the recommendations/conclusions of the Committee have been printed in bold type in the body of the Report and have also been reproduced in consolidated form in Appendix II of the Report.

NEW DELHI;
April 21, 1995

Vaisakha 2, 1917 (S)

DR. KRUPASINDHU BHOI,
Chairman,

Estimates Committee.

CHAPTER I

STATUTORY PROVISIONS

A. Customs Laws relating to Clearance of Passengers

(Incoming and Outgoing)

1.1 The basic legal provisions for clearance of passengers and their baggage are contained in Sections 77-81 of the Customs Act, 1962. The major changes in the Customs law were effected by the Customs Act, 1962, which is an Act consolidating the law relating to Customs. Prior to 1962, the passengers and their baggage were cleared under the Sea Customs Act of 1878. The major new provisions brought about in the statute of 1962 vis-a-vis that of 1878 were:—

- (a) Requirement of declaration by owner of the baggage (Section 77).
- (b) The relevant date for rate of duty and tariff valuation applicable on baggage was to be the date on which the declaration is made (Section 78).
- (c) The Customs Act, 1962 also introduced provisions to allow duty free clearance of new articles also (Section 79).
- (d) The Customs Act, 1962, introduced the facility of temporary detention of baggage for the purpose of being returned to the passenger on his leaving India (Section 80).

1.2 The Customs statute of 1962 retained the provisions of 'rules' to be made by the Central Government and 'regulations' to be made by the Central Board of Excise and Customs (as were provided under the repealed Sea Customs Act, 1878).

1.3 Since 1962 there has not been any change in the above basic statutory provisions relating to passengers' clearance contained in Sections 77-81 of the Customs Act, 1962.

B. Rules relating to Clearance of Incoming Passengers

1.4 Under Section 79 of Customs Act, 1962, the Central Government is empowered to make 'rules' for carrying out the provisions of inter alia, Section 79. Under this Section Central Government has made the following rules:—

(1) *Baggage Rules, 1978*

These rules have been framed under Section 79 of the Customs Act, 1962 in supersession of the Baggage Rules, 1970 and Ceylon Baggage Rules, 1930. The revised rules apply basically to incoming passengers other than 'tourists'. These rules specify the general duty free allowance relating

to new articles. In addition used personal effects and a wrist-watch not exceeding Rs. 500/- in value could be cleared free of duty under these rules. There are various other provisions in the rules permitting clearance of additional items without payment of duty depending on the stay of the passenger outside India. The rules of 1978 have been amended a number of times. The major amendments have been in respect of the value limit of general duty free allowance. At present, the passengers coming from a country other than Sri Lanka, Maldives, Nepal or Bhutan are allowed a general duty free allowance of Rs. 3,000/-. However, for passengers coming from Sri Lanka or Maldives, this limit is Rs. 1,500/- if the stay is 3 days or less than 3 days, and Rs. 3,000/- where the stay is more than 3 days. For minors of age below 12 years and passengers travelling on concessional air ticket the duty free allowance is one-fourth of the full allowance. Besides, certain items such as Cigarettes (in excess of 200 numbers) alcoholic liquor (in excess of 0.95 litres), firearms and motor vehicles cannot be cleared under the duty-free allowance.

The Ministry of Finance (Deptt. of Revenue) vide their communication dated 5.4.1995 at the time of factual verification informed as under:

“The Baggage Rules, 1978, the Tourist Baggage Rules, 1978 and the Transfer of Residence Rules 1978 have already been superseded and have been amalgamated into a single set of rules shown as Baggage Rules, 1994.

General free allowance to passengers coming from any country other than Sri Lanka or Maldives has been raised to Rs. 6000. The allowance for passengers coming from Sri Lanka or Maldives has been raised to Rs. 3000 if the stay outside India is three days or less and Rs. 6000 where the stay is more than three days. The new Rules allow one litre of alcoholic liquor and one litre of wine free of duty within the general free allowance available to the passengers. The value limit of Rs. 500 on wrist watch has also been deleted with the result that used personal effects and one wrist watch can now be cleared free of duty. The passengers who have been engaged in their profession abroad for more than 3 months are now allowed to import, free of duty articles required for running their household like kitchen utensils, linen etc. upto a value limit of Rs. 6000/-. The passengers who were engaged in their professions abroad for more than 3 months are now allowed to import free of duty, their portable professional tools (of the types used by electricians, carpenters, masons etc.) upto a value limit of Rs. 10,000/-. This value limit is Rs. 20,000/- in cases where the passenger was engaged in his profession abroad for more than six months.”

(2) *Tourist Baggage Rules, 1978*

These rules framed under Section 79 of the Customs Act, 1962 are in

supersession of the Tourist Baggage Rules of 1958. These rules provide for clearance of passengers and their baggage arriving in India as 'tourists'. The rules permit used personal effects and articles—such as, camera, binoculars, musical instruments, portable typewriters, sports equipment etc. required for use by a 'tourist'. Besides, a tourist is also permitted new articles up to Rs. 600/- in value for personal use or for making gifts. A tourist of Indian origin staying in India for more than 24 hours is permitted duty-free allowance in accordance with Baggage Rules, 1978. With a view to prevent possible sale of baggage by tourists, the rules provide for issue of 'tourist baggage re-export form' (TBRE) and its endorsement on the passport of the passenger to ensure that the goods mentioned in TBRE are taken back with him while leaving India.

The Ministry vide their communication dated 5.4.1995 have stated that for tourists visiting India, Baggage Rules have been further liberalised. The General free allowance to tourists of foreign origin has been raised from Rs. 500 to Rs. 750. For tourists of Indian origin, the general free allowance has been raised to Rs. 6000/-. The (TBRE) Tourist Baggage Re-Export procedure has been scrapped.

(3) Transfer of Residence Rules, 1978

Keeping in view the increase in prices abroad, the limit of value of Rs. 1.20 lakhs for passengers availing of Transfer of Residence facility has been raised to Rs. 1.50 lakhs and the limit of Rs. 24,000 for passengers availing of rule 4(A) of the Baggage Rules has been raised to Rs. 30,000.

The benefit of rule 4(A) is now also being extended to Government of India officials, who go on training abroad and return after a period of one year.

The condonation of shortfall of two months stay in India of passengers availing of Transfer of Residence facility has been delegated to the Additional Collector of Customs; and for condonation of a period beyond two months, the Central Government can exercise the power of ad hoc exemption from duty on goods imported in really deserving cases. This would be in addition to the facilities already available to the passengers who can go abroad on short visits during the stay of one year in India.

A passenger availing of Transfer of Residence Rules is entitled to import 13 specified consumer durable articles upto a specified value at a concessional rate of 25%. Earlier the passengers were not entitled to this benefit if the goods were purchased in transit. Now this benefit is available to goods purchased in transit also.

(4) Gold Import Scheme

In the Budget of 1992, Government introduced a new Scheme of Gold import, under which a passenger of Indian origin coming to India after a period of not less than 6 months of stay abroad, is permitted to import gold in any form including ornaments, on payment of customs duty at

Rs. 22/- per gm. in foreign exchange (prior to 30th April, 1992, duty chargeable was Rs. 45/- per gm.).

The Ministry vide their communication dated 5.4.1995 have further informed that the Gold Import Scheme has been further liberalised. The eligible passengers are now given additional options to either take delivery of the gold in India from the designated warehouses of SBI/MMTC at the port of entry or to import the gold within 15 days of their arrival in India.

(5) Silver Import Scheme

In February, 1993 the Government introduced a new Scheme of Silver Import under which a passenger of Indian origin coming to India after a period of not less than six months of stay abroad is permitted to import silver in any form, including ornaments, on payment of customs duty at Rs. 50/- per 100 gms in foreign exchange.

The Ministry vide their communication dated 5.4.1995 have further added that Silver Import Scheme has also similarly been liberalised on the lines of Gold Import Scheme by providing additional option to the "eligible passengers".

C. Need for Statutory Provisions

1.5 As regards the imperatives which led to the establishment of the statutory provisions relating to clearance of incoming and outgoing passengers, at the time of enactment of the initial statute—namely the Sea Customs Act, 1878—the passenger traffic was not much. Therefore, detailed provisions for customs clearance in this regard were not perhaps thought necessary. However, over the years the situation changed not only with regard to the passengers air traffic but also with regard to air cargo traffic. Having regard to the changed situation, a comprehensive legislation called the Customs Act, 1962 was enacted in which specific provisions regarding Customs clearance of incoming and outgoing passengers were laid down. The consideration which were taken into account in formulating policy with regard to Customs clearance of incoming and outgoing passengers are detailed below:

- (a) to ensure that incoming and outgoing air passengers are cleared most expeditiously and smoothly;
- (b) that the customs revenue is protected and import/export prohibitions are not violated in the above process; in other words, the anti-smuggling angle is to be taken care of; and
- (c) that the changes taking place over the years with regard to the price factor and requirements of articles of personal and household use in view of various scientific and technological advances, etc., are taken into account while making changes from time to time.

The formulating of initial statutory provisions as well as changes over the years have been made having regard to the above three broad parameters.

For example, mention may be made of the changes introduced at the time of enactment of the Customs Act, 1962 with regard to the customs clearance of incoming and outgoing passengers.

1.6 The requirement of a declaration by a passenger in respect of goods carried by him/her was stipulated with the following twin purposes:—

- (i) In order to give an opportunity to a passenger to give conscious indication of the goods carried by him/her so that no grievance can be made by such passenger in the eventuality of penal action being taken in the event of a wrong declaration; and
- (ii) Specifying the time of importation of goods for purpose of levy of duty.

D. Amendments

1.7 The Customs Act, 1962, is the principal legislation which provides for the levy of customs duties specifying the manner of clearance of goods imported into or exported from India. the Customs Tariff Act, 1975 specifies the statutory rates of duties leviable on the imported goods and the exported goods. The statutory rates of additional duty (commonly known as the countervailing duty) have been specified in the Central Excises Tariff Act, 1985. Apart from the aforesaid acts, the customs authorities perform agency functions on behalf of the other Wings of the Government in implementing various other legislations for the time being in force. The most important of these legislations is regarding the Export and Import Policy of the Government. Apart from the aforesaid enactments, the Customs authorities are required to implement a number of subordinate legislations such as the Baggage Rules, 1978, the Customs Valuation Rules 1988 Project Import Regulations 1986 etc.

1.8 A number of amendments have been made to the aforesaid legislations since their original enactment. The Customs Act, 1962 itself has been amended about twenty times for various reasons which include, inter alia, need to plug loopholes and lacunae in the statute, need for simplification and streamlining of the law and procedures for smooth and fast clearance of goods and passengers, need to harmonise the statute in line with any international agreements to which India is a signatory, etc. The Customs Tariff Act, 1975 and the Central Excises Tariff Act, 1985 which lay down the rates of duties are amended each year invariably as a part of the Annual Budgetary Exercise. Further, the Government also issues on an average about 500 Notifications each year specifying the rates of Customs and Central Excise duties for various items.

1.9 Following enhancements in the duty-free allowance under Baggage Rules 1978 have been made during last 10 years:

- (a) Rs. 1000 to Rs. 1250 in March, 1983.
- (b) Rs. 1250 to Rs. 2000 in March, 1990.
- (c) Rs. 2000 to Rs. 2400 in July, 1991.

- (d) Rs. 2400 to Rs. 3000 in June, 1992.
- (e) The Ministry of Finance vide their communication dated 15-4-1995 has informed that the free baggage allowance for passengers coming to India has been raised to Rs. 6000/- w.e.f. 15-4-1995.

The increase in the baggage allowance has been made from time to time generally on account of erosion of value of Indian Rupee *vis-a-vis* major foreign currencies.

1.10 About the revision of the General Free Allowance, the Secretary, Ministry of Finance (Department of Revenue) in his evidence before the Committee stated as under:

"The General Free Allowance is revised by the Government from time to time. Earlier, it was very low. The existing General Free Allowance was fixed in June, 1992 and a proposal for upward revision of the General Free Allowance is under the consideration of the Government. Now, it is Rs. 3,000/-. It was only Rs. 500/- in the 70s. When we have a small General Free Allowance and when the passengers started bringing these goods partly for their own use and partly for commercial use, we have started checking vigorously especially in the places like Bombay and Madras where this type of traffic was there. Some of the parties also started using these passengers as couriers for furthering their own commercial interests against the Government policies of import restrictions and custom duty restrictions to sell in the market. That also necessitated a little more check. Now, in the last two or three years, we have started moving from this type of situation. Now, we are making a further liberalisation in the case of clearance of passenger baggages as well as in the clearance of cargo. As a first measures, we increased the General Free Allowance from Rs. 2000 to Rs. 3000 about two years back. We have also reduced the duty from 255 per cent to 150 per cent in the last Budget and for further consideration in the middle of 1993, we reduced the rates of duty to 100 per cent (Now reduced to 80% w.e.f. 16-3-1995). Similarly, we introduced more liberal measures of dealing with the passengers. By and large, we are taking the declaration of the passengers at a face value on a trust basis."

1.11 Asked when the decision on the proposal for upward revision of the General Free Allowance would be taken by Government, the Secretary, Ministry of Finance (Department of Revenue) informed:

"That is under consideration. We are examining it. It will take some time to take a decision."

The Ministry vide their communication dated 5-4-1995 has informed that the decision for upward revision of the general free allowance has already been taken by the Government.

1.12 In regard to review of Baggage Rules, the Secretary, Ministry of Finance (Department of Revenue) informed as follows:

"Number of people bring their notebook computers and cameras specially like journalists, executives and those who accompany Ministers and other VIPs. It is true that we have been making the customs rules very rigid and these developed over years. Now that the process of liberalisation is taking place, we have been looking at these complaints seriously because notebook computers have become an essential item for traveller. Video Camera also have common. I have discussed this aspect with the officers in Bombay and we are taking a total look at the tourists Baggage Rules so that we can liberalise it and harassment of genuine passengers can be got rid of."

The Ministry vide their communication dated 5-4-1995 has stated that a comprehensive review of the various Baggage Rules was done and the previous Baggage Rules have been amalgamated into a single set of Baggage Rules, 1994.

1.13 The statutory provisions regarding temporary detention of goods are under section 80 and for disposal of goods under section 110 & 150 of Customs Act, 1962. The goods are detained temporarily at the request of the passengers either for payment of duty or pending re-export or production of documents etc. If the passenger does not come up for clearance within the time limit given in the detention receipt action is initiated for disposal of goods after confiscation. The time limit within which the passenger is required to clear the goods varies between 15 to 60 days. The question of prescribing a uniform time limit is being examined.

1.14 On enquiry whether there was any system/procedure introduced by the Customs authorities to immediately intimate to the passengers on arrival, the statutory provisions or rules framed thereunder in force for temporary detention of baggage/goods and warehouse charges to be levied thereon, the Ministry of Finance (Department of Revenue) in their reply have stated as follows:

"There is regular display by way of projection on the screen/display board about the statutory provisions of baggage clearance. The IAAI facilitation counter operating in the Customs arrival hall supplies for the benefit of the passengers, embarkation/disembarkation cards in which important instructions on Customs procedures/facilities are furnished. In addition, the officers on the counters are always available to counsel passengers on various customs procedures. Copies of Baggage Rules are also available for passengers. As regards, the rules on detention, warehouse charges, disposal etc. the same are printed on the reverse of the detention receipt issued to the passengers."

Observations/Recommendations

1.15 The Committee note that detailed specific provisions for customs clearance of passengers and air cargo which were not in the Sea Customs Act, 1878 were initially introduced in the Customs Act, 1962 with the main objectives of ensuring that air passengers are cleared expeditiously and smoothly, that the customs revenue is protected and that import/export prohibitions are not violated in the above process. While doing so requirements of articles of personal and household use are taken into account in view of the scientific and technological changes.

1.16 The Customs Act, 1962, also provides for levy of customs duty on goods imported and goods exported. The Customs Tariff Act, 1975, specifies the statutory rates of duties leviable on the imported goods and the exported goods. The statutory rates of additional duty (commonly known as the countervailing duty) have been specified in the Central Excises Tariff Act, 1985.

1.17 The Committee are informed that a number of amendments have been made in the Customs Act, 1962 for various reasons which include, *inter alia*, need to plug loopholes and lacunae in the statute, need for simplification and streamlining of law and procedures for smooth and fast clearance of goods and passengers and need to harmonise the statute in line with any international agreements to which India is a signatory, etc.

The Customs Tariff Act, 1975 and the Central Excises Tariff Act, 1985 are normally amended each year as a part of the Annual Budgetary exercise.

1.18 The Committee note that under the Customs Act, 1962 which repealed the Sea Customs Act of 1878, the major new provisions, for clearance of passengers and their baggage, incorporated therein are (i) declaration to be made by owner of the baggage; (ii) date on which declaration is made is to be the relevant date for rate of duty and tariff valuation applicable on baggage; (iii) provision of duty free clearance of new articles; and (iv) introduction of facility for temporary detention of baggage for purpose of being returned to the passenger on his leaving India, and to enable the passenger to arrange the amount of duty payable by him and documents required from different agencies for clearance of goods carried by him at the time of arrival and before customs clearance.

1.19 Under section 79 of the Customs Act, 1962, the Committee note that the Central Government have framed the following rules:

- (i) The Baggage Rules, 1978 applicable to incoming passengers other than the tourists;
- (ii) The Tourist Baggage Rules, 1978 for clearance of passengers and their baggage arriving in India as 'tourist'.
- (iii) The Transfer of Residence Rules, 1978 for clearance of baggage of passengers transferring their residence from foreign country to India.

- (iv) Gold and Silver Import Schemes permitting passenger of Indian origin to import gold on payment of customs duty at Rs. 22/- per gm. and silver on payment of customs duty at Rs. 50/- per 100 gms. in foreign exchange.

1.20 The Ministry have informed the Committee that for incoming passengers, including NRIs, the duty free allowances have been enhanced and value limits for bringing specified consumer durables under Transfer of Residence and Rule 4(A) of the Baggage Rules have been raised. For passengers availing of transfer of residence, relaxations have been provided to condone shortfall of stay in India. Tourist Baggage Rules have been updated to allow temporary import of items like Video Camera, Compact Disc player, laptop computer, etc.

1.21 The Committee further note that the Baggage Rules, 1978 specify the general duty free allowance in relation to new articles. Used personal effects and a wrist-watch not exceeding Rs. 500/- in value could be cleared free of duty.

Major amendments have been made a number of times in respect of the value limit of general duty free allowance. The Committee expect that value limit of general duty free allowance, which at present has been raised from Rs. 4000/- to Rs. 6000/- in the Budget 1995-96 would continue to be amended for upward revision well in time after taking into consideration relevant factors.

1.22 The Committee feel that the present monetary ceiling of Rs. 500/-, for clearing free of duty, used personal effects and wrist watch, keeping in view improved standards of Indians living/working abroad, is grossly inadequate. In order to give just and fair treatment to Indians returning abroad and that too in the liberalised economic scenario there does not seem any justification that their used personal effects may be subjected to customs levies. The Committee, however, recommend that the value limit for clearance free of duty of used personal effects should be raised to the level of general duty free allowance.

1.23 The Committee are informed that Government proposes to review the Baggage Rules permitting the travellers to bring note-book computers and other essential items so that harassment to general passengers could be eliminated. The Committee expect expeditious review in the matter.

1.24 The Committee note that goods are detained temporarily at the request of passengers either for payment of duty or pending re-export or production of documents, etc. and that the time limit within which the passenger is required to clear the goods, varying between 15 to 60 days at the discretion of Customs authorities, is given in the detention receipt.

The Committee desire that uniform time-limits for clearance of

temporarily detained goods may be prescribed for each type of goods i.e. goods detained for payment of duty or pending re-export or production of documents in the light of past experience.

1.25. The Committee further note that if the passenger does not come up for clearance of goods within the time limit given in the detention receipt action is initiated by the Customs authorities for disposal of goods after confiscation. The Committee feel that, as per requirement of natural justice, the Government after deducting customs duty etc. from revenue obtained on disposal of the confiscated goods, should refund the balance amount to the owner/passenger.

CHAPTER II

CLEARANCE OF PASSENGERS

A. Immigration Clearance

(i) Statutory Requirement

2.1 Government of India have declared certain Airports, Sea-ports and Land-ports as authorised ports/places of entry and exit from India. These ports are the first official point of contact for an international passenger in India. The Immigration Officers create the first impression about the country on the foreigners. Every passenger who is entering or leaving India is to be cleared by the Immigration authorities before he actually enter or exits into/from India. The main objectives of the requirement is to ensure uniformity of approach in regulating the arrival and departure of foreigners and tighten security control over the activities of the foreigners, and to ensure that no undesirable element could enter into India or any person who is required to be present in India for various purposes could leave the country. The first security cordon against the entry of foreigners considered undesirable is the visa system which derives its authority from the Passport (Entry into India) Act, 1920. This is enforced by the Government of India in the Ministry of Home Affairs in consultation with various agencies. The other main instruments of exercising control over the entry, movements and activities of foreigners are the Foreigners Act, 1946, and Registration of Foreigners Act, 1939 and the various rules and orders framed thereunder. Under para 3 and 5 of the Foreigners Order 1948 (framed under the powers vested with the Government under para 3 of the Foreigners Act, 1946), Civil authority, declared by Central Government can prevent entry into and departure from India or any person who in the opinion of the Immigration authorities is considered to be undesirable.

(ii) Number of Passengers/Counters

2.2 Number of counters earmarked for immigration clearance and the number of incoming passengers at major airports, are as under:

Counters	Arrival	Departure	Total
DELHI	28	28	56
MADRAS	6	6	12
BOMBAY	36	26	62
CALCUTTA	6	6	12

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Passengers*Arrival*

	1992	1993	1994 (upto Nov. 1994)
DELHI	1113236	1099591	1112777
BOMBAY	1640435	1528401	1533694
CALCUTTA	190566	173492	179839
MADRAS	321438	341961	437826

Departure

DELHI	1159969	1079574	1166357
BOMBAY	1902047	1763819	1775722
CALCUTTA	186978	175576	185914
MADRAS	348754	350064	431139

(iii) SIU Study

2.3 In fact it is being felt (by the Ministry of Home Affairs) since long that the staff posted at the International Airports for immigration work is insufficient. Keeping in mind this fact and in order to ask for additional staff, SIU of the Ministry of Finance, was asked to carry out a study of the requirement of the staff at the four major International Airports. The SIU on the contrary, in their interim reports has observed that the existing staff as is generally in excess and need to be curtailed. It is seen that the staff recommended by SIU is less than the existing staff at Delhi, Calcutta & Madras except for Bombay where it has been increased marginally. The staff has been curtailed at Delhi from 610 to 382, at Calcutta Airport from 204 to 124 and at Madras from 115 to 100. The staff strength at Bombay airport has been increased from 457 to 536. SIU's recommendations are under consideration.

(iv) Average time taken for immigration clearance

2.4 According to the norms laid down by SIU of Ministry of Finance, for each passenger clearance, 1.5 minute is permissible and the entire flight is required to be cleared in 45 minutes. In reality, however, the job of an Immigration Officer is a delicate blend of facilitation and control and a number of checks are required to be performed by them. They are required to check the genuineness, validity etc. of passport and visa of passengers and ensure that they have not been debarred from entering India by MHA or any other agency. In case information on the movement of certain persons is required by certain agencies, the concerned agencies are to be promptly informed. Certain checks regarding immigration clearance are also required to be performed and it takes at least 22½ to 3 minutes to clear a passenger if the required checks are properly performed with the existing staff strength for immigration work. In case the recommendations of the SIU are implemented the clearance time may increase to 4 minutes or so.

2.5 Asked whether average time could be reduced further by increasing

number of counters the Ministry of Home Affairs in a note furnished to the Committee, stated as under:

"1.5 minutes for clearance per passenger and 45 minutes for clearance of the entire flight as recommended by SIU may be justifiable purely from the point of view of immigration, but the security perception cannot be ignored. Therefore, the norm of 1.5 minutes per passenger is not practical with the existing staff strength. Even the maximum waiting time of 45 minutes for the last passenger is high as compared to the international standard. In case the number of counters are increased, average time for clearance per passenger as well as for the entire flight can be reduced further which will go a long way in improving the country's image."

2.6 When asked whether existing number of counters are adequate for immigration clearance even during the peak flight timings, the Ministry in a reply informed:

"The existing number of counters are not adequate. A new Arrival Wing is to be started at Bombay consisting of 5 counters, but in the absence of additional staff, progress is held up. The problems get aggravated during the peak hours when there is bunching of flights, when flights arrive at short intervals and there is always a spill over of passengers from one flight to another. More counters will be required at IGIA to clear the rush at peak hours due to bunching of flights. 4 additional counters will be required to clear the rush due to bunching of flights. Similarly, at Madras Airport, 10 immigration counters will be required on the arrival side to clear the rush in place of existing six counters."

2.7 On the need for increasing the number of counters and staff for immigration clearance of passengers, the Ministry of Home Affairs in their reply stated as follows:

"Work load at the four major international airports has increased many fold because of increased threat perception, terrorists activities, increased travel and visits of VVIPs at these airports. As such, if additional strength, over and above the existing strength could be provided, additional counters can be provided which may result in reduction in the average time for clearance of per passenger as well as for clearance of the entire flight. In fact there are major differences between MHA and Ministry of Finance (SIU) on the question of staff strength at four major international airports, and MHA is approaching Committee of Secretaries with the proposal of approving the staff strength as proposed by MHA after consulting various agencies."

2.8 The representative of MHA informed the Committee about the latest position during evidence as follows:—

“There was a study conducted by the SIU of the Finance Ministry in 1988. They have suggested a certain pattern of staff. This was not acceptable to us for a variety of reasons. The matter went to the Secretary and to the Committee of Secretaries. They have accepted our recommendations and accordingly, the staff deployed in Delhi are more than the number as recommended by the SIU. We had a series of meetings with the Ministry of Finance to explain our position.”

The Ministry of Home Affairs in a subsequent note dated 18.4.1995 informed that as a result of a series of meeting with the Ministry of Finance, SIU agreed to conduct fresh study of staff strength at the four major international Airports. SIU has submitted their reports and their recommendations have been accepted by the Ministry. Staff strength recommended by SIU and accepted by the Ministry is as under:

Bombay	556
Delhi	572
Calcutta	270
Madras	146

(v) *Streamlining of Immigration Procedure*

2.9 Asked what steps had been taken to streamline the immigration procedure, the Special Secretary, Ministry of Home Affairs during evidence explained as under:—

“To streamline the immigration procedure, a ‘state-of-the-art’ technology of computers has been installed. In Delhi, its already functioning. It was installed last year. We try our best to clear the passengers as fast as possible. We spent quite sometime in developing the software to identify the correct spelling of the names of the passengers. So new computers have been installed in Delhi and we propose to instal these computers in all the four international airports in the country. We are going to instal them next in Bombay airport. Uptill now we were taking the people for immigration clearance to the local police. Now, a separate service is being constituted. In this service we will have people from various disciplines and we will give them special training. A new uniform has been prescribed for them. If the Committee so desire, they can visit IGI Airport; and they can see for themselves as to what was done in this respect in Delhi Airport.

Thirdly, there is a black list, prior approval category list. There are so many lists. These have been review again and again to see that minimum number of persons which are genuinely required are contained in this list. Specialised training has been given to new service personnel. If a person is genuine,

it does not take more than 1.5 minutes for clearance. If there is a problem which is indicated by the computer, such a passenger is segregated.

Last the number of counters has been increased. In Delhi, it has been increased from 48 to 56. In a large number of cases, Airlines do not adhere to their schedules. Two or three jumbo flights which are late reach the airport at the same time. These are the problems which are being sorted out. We have completed the procedure at Delhi.

In Bombay, 10 more counters have been opened for day and night shifts. In fact, we have ourselves visited the Airport and seen how fast the passengers are being cleared."

2.10 In response to a query, Special Secretary of the MHA informed during evidence:

"We propose to introduce the system ('state-of-the-art' technology of computers) in all the airports".

2.11 Asked whether Government exercised any surveillance or vigilance on those persons who are coming in, the Special Secretary, Ministry of Home Affairs during evidence informed as follows:

"You asked whether we exercise any surveillance or vigilance on those person who are coming in and who are on the wanted list. We agree with you that any genuine person should not be harrassed and should be cleared within minimum possible time, yet, sharp vigilance should be kept on those who are bringing in gold for other purposes than the declared one. During the year 1993, as many as 651 such persons were detected, who were on the wanted list and who had come to India at the four national airports. We also detected 5738 persons who had come to India on false passports or on defective travel documents."

(vi) *Immigration Form*

2.12 About the disembarkation and embarkation forms, the Special Secretary, Ministry of Home Affairs during evidence admitted:

"Those forms were very copious and shabby. I am glad to inform the Committee that those forms have been revised and they are being reprinted by the Ministry of Tourism. It will be introduced soon. They are under print."

B. Baggage Clearance

(i) *Procedures relating to clearance of incoming and outgoing passengers.*

2.13 The Captain of an aircraft coming from a place outside India submits an import manifest incorporating passengers' list and cargo

declaration to the Customs Officer. As regards accompanied baggage brought by passengers, no import manifest and no bill-of-entry for clearance is required.

The passengers are required to give declaration of their goods contained in their baggage. This declaration is in prescribed form known as Baggage Declaration Form. Under the current procedure this Declaration is oral.

The passengers have the option of availing of the facility of 'Green Channel'. A passenger taking green channel is deemed to have declared that he does not have any goods chargeable to Customs duty under the Baggage Rules nor does his baggage contain any goods, the import of which is prohibited under any other law of India. Where the Customs officer has any doubt or also on a surprise basis, baggage of some passengers opting for the 'green channel' is checked to verify whether they are entitled to clearance without levy of any Customs duty etc.

2.14 In those cases, where passengers opt for 'Red Channel', (where goods in their baggage are liable to duty), they are allowed clearance generally on the basis of their declaration as to the contents of their baggage. However, in some cases baggage is also examined by the Customs Officers. On the basis of declaration and examination, the duty is assessed. At all the International Airports, facility also exists for collection of duty on the spot. In cases of minor violation of prohibition under the Customs law or any other law, the case is also decided on the spot and adjudication order issued. The passengers who fail to deposit the duty assessed and the penalty if any, levied, are allowed the facility of detention of their goods. The goods are detained and detention receipt issued to the passenger for claiming the goods subsequently after deposit of duty/penalty.

2.15 Since there is no export duty chargeable on out going baggage the customs checking of export baggage is done only with a view to ensure that goods prohibited for exports are not taken as baggage. Under the Foreign Exchange Regulations Act, there are certain restrictions on export of currency and this aspect is also checked at the time of passenger's departure.

2.16 There is a procedure of issue of Tourist Baggage Re-export (TBRE) form for import of goods subject to condition of re-export. An outgoing passenger to whom a TBRE had been issued earlier at the time of his arrival has to produce the goods mentioned in the TBRE form before the Customs officers and take the same out of India alongwith his baggage. (Now TBRE procedure has been scrapped as intimated by the Ministry vide their communication dated 5.4.95).

2.17 Explaining the position during evidence, the Secretary, Ministry of Finance (Deptt. of Revenue) stated as under:—

"Our work starts after the passenger comes out of the aircraft

and gets cleared from the immigration authorities. For a long time, we have been having two channels for the passengers to move. One is the Green Channel and the other is the Red Channel, passenger's baggage is cleared generally on the basis of oral declaration made by the passenger. However, sometimes the passengers are not aware of the model number and serial number of the items in their baggage, and therefore, in such cases it becomes necessary for the Customs Officer to ask the passenger to open the baggage. In addition to that when the passengers come out, we also have baggage X-ray machines. We have made it obligatory for hand luggage also to be screened for security reasons. Hence, only when there is a suspicion, the passenger is asked to open the baggage. It is also true that sometimes innocent passengers are made to open their baggages. In some places, we have got x-ray on the conveyor belts. We have seen generally even where the x-ray machines have been installed the delay has not been that much to worry the passengers. Only when we find that there is a suspicious item in the baggage then it is checked. Baggage is also checked on prior intelligence about contraband. I have personally visited some of these Customs Houses and found out that there has not been much hold-up by the customs. However, I cannot say that there are no hold-ups at all. They can do random checks and sometimes they can do double checks. So, in these cases, there are bound to be delays. Of course, when a number of flights come about the same time and this happens particularly in Delhi and Bombay, there are delays. In Delhi usually on Tuesdays and Thursdays a number of flights come, may be 20 or 25 and about one thousand passengers come in these flights. On those days, there may be delays. But, generally the passengers are cleared without much of a difficulty.

But, nevertheless, I have to admit that sometimes we face a lot of problems owing to the law and order situations prevailing in the country. Sometimes, we get alert messages. Sometimes we get messages about foreign currency movements out of the country. On those occasions, the Customs Officers are compelled to undertake random checks of the baggages."

2.18 In a brief on baggage clearance of passengers through green/red channel, the Secretary, Department of Revenue during evidence informed:

"About 85 per cent of the passengers are moving freely by the 'Green Channel'. We have to take to the 'Red Channel' only 15 per cent of the passengers. Even in the case of 15 per cent, we are accepting the declaration of these people. Only in a few cases, we are making a thorough checking and they are again asked to open their baggages. In the mean time, what is the healthy development? In spite of all these changes, the total amount of

duty collected reflects that our schemes are working very well. They are not taking an undue advantage. The passengers can be classified in the following four types. The normal passengers who walk freely and those passengers who may exceed the prescribed limit and they may have to pay duty and the third type of passengers those are who bring goods on behalf of commercial interests, what we call them as couriers and the fourth who are smugglers. However, all the three types of passengers are treated reasonably. We reserve our harsh treatment for those people who try to become smart. There also, we are using modern equipment with the cooperation of the airport authorities and the Civil Aviation Department, where instead of trying to open the baggage and see whether it contains gold or not, we are screening it with the X-ray equipment and after that the Customs Officials are able to spot out that a particular baggage is suspicious. We have got our own procedures of taking these things out. All these things help to clear the passengers very fast. In clearance, we have got to take care of our own restrictions, violations of import restrictions and also of narcotic smugglings. For this purpose, in the early 1970s we have introduced a system of Air Customs Pool where specially chosen officers, on the basis of their speed, alertness and service record, were given this job. This system has been working reasonably well and that has also contributed to the clearance of passengers."

(ii) Time taken for clearance

2.19 Asked about the average time taken for the clearance of Red Channel passengers, the Chairman, CBEC during evidence explained:

"We start from the time the officers direct the passengers to go to the Red Channel. The moment the passengers go to the Red Channel counter....if that officer is free even a Red Channel passenger is cleared at the most in 15 minutes or even before that. If other Red Channel passengers are being attended to, then it takes about the same proportion of time, but 15 minutes per passenger would be the outer limit."

2.20 The Committee desired to know the percentage of Green Channel passengers asked to open up the baggage for random check, how they confirm the oral declaration made by them and the actual time taken in their clearance. The Chairman, CBEC during evidence stated as under:

"In Bombay, it may be 10 per cent, but in places like Trivandrum it can be more than that. Most of the Red Channel passengers, they opt to go through the Red Channel and only in the case of Green Channel passengers we watch the behaviour of these passengers and also the size of their baggages. Based on that we ask them to go and report to the Red Channel. It is actually a

process of random check and we cannot have an absolute laid down procedure as to how to select the passengers for Red Channel checking. In some cases they need not pay any duty also. But in some cases if the persons do not declare the contents of their baggages correctly, then we may have to open their baggages. In any case, it is not taking more than 15 minutes. If more than 10 to 15 passengers are already waiting for the checking then it will take about 45 minutes."

2.21 During tour to Madras, the Committee were informed that in all cases of genuine declaration, the clearances are never held up for want of a senior officer. Only in cases where the passenger misdeclared the goods and is intercepted at the exit gate and on verification found to be smuggling out the contraband, the cases are detained for further investigation and follow up. As such, unless penal action is involved there are no cases of delay. Other than these, only in exceptional cases, where any passenger bring computer or other costly gadgets, for which the value is not readily available, the goods are detained for valuation on the following day in consultation with the experts in the field.

(iii) Factors causing delay

2.22 At major international Airports, the following factors may cause delay in clearance of passengers:—

- (i) Bunching of flights.
- (ii) Additional dutiable items.
- (iii) Gold in various forms; complete description of which is to be noted on duty receipts to avoid misuse of the facility.
- (iv) Mis-declaration/non-declaration of gold or other dutiable articles.
- (v) Documentation.

2.23 In regard to the penalty provisions for passengers carrying dutiable goods including gold when they walk through the green channel, the Chairman, CBEC stated as follows:

"The legal position is that if a passenger makes a declaration and if the declaration is found to be incorrect, he can be proceeded against for making a false declaration. It would be somewhat difficult for us to know whether he has made any false declaration while walking through the Green Channel. We charge the normal duty if we find that he does not try to smuggle it. But once we confiscate it, we get a legal right to put a fine and penalty. We can even prosecute such persons and detain them under the Conservation of Foreign Exchange and Prevention of Smuggling Activities Act."

(iv) Tourist Baggage Rules

2.24 Tourist Baggage Rules were drafted in 1978 and a number of items which were allowed to be imported duty free by tourists, have now become

obsolete due to present technological developments. The Tourist Baggage Rules have been revised to prescribe a revised list of items eligible to be imported duty free by tourists for re-export. These items include video cameras, compact displays, lap top computers, colour television sets not exceeding 15 c.m., etc.

The Ministry *vide* their communication dated 5-4-1995 has stated as the TBRE procedure has been scrapped, there is now no list of items which can be cleared duty free by the tourists on re-export basis. All articles which are required by a tourist during his stay in India are allowed duty free clearance subject to the statutory responsibility on him to re-export the same at the time of his leaving the country.

(v) *Collection of duty amount on sold/lost re-export items*

2.25 In a note on collection of duty amount on sold/lost re-export items, the Ministry have stated as under:

"It is not true that most of the tourists sell their personal effects like Camera, Binocular, musical instruments etc. and lodge F.I.R. in Police station for these articles. Sometimes tourists (whether of foreign origin or Indian origin) do report loss or theft of their items at the time of the departure. In case of foreign tourists, normally re-export of these items is waived by the proper officer provided it is supported by proper evidence like Police complaint etc. However, when such evidence is not produced by the passenger, an attempt is made to recover duty. In case of tourists of Indian origin, the duty amount leviable on such items is invariably collected."

2.26 Asked whether there is a discrimination in clearance of baggage of foreign tourists and Indian origin tourist, the Secretary, Ministry of Finance (Department of Revenue) during evidence explained the position as under:

"Suppose the passengers come in and when they come in as tourists, they bring some items. Now, according to the rules they are supposed to have customs clearance. When they go back out of the counter also they are supposed to declare and some find that their goods are stolen. Sometimes they sell their personal effects and articles and lodge FIR in police station for theft of these items. Generally the customs officers allow the tourist to go away. So, generally, we do not trouble the foreign tourists unless there is a grave suspicion. Whereas in case of Indian tourists when they come in, they bring with them a lot of expensive items. Sometimes, they say that they have lost these items or they have been stolen. In that case more verification is required and the duty amount leviable on such items is invariably collected."

2.27 The Committee pointed out that discrimination was made between foreign and Indian origin tourists in the matter of collection of duty from

them at the time of departure in case of loss or theft of re-export items. The representative of the Ministry of Finance (Department of Revenue) during evidence explained the position as follows:

"We have introduced tourist baggage system over a period of time. Costly items brought by tourists like camera, video sets, etc. are entered in this form and sometimes, the passport is endorsed to see that such a form has been issued. There are some rare cases where the passengers who lose items lodge a police complaint and tell the officer that a particular item has been stolen. Some people take advantage of the system and such persons can be recognised by questioning the passenger at the time of departure and the way he reacts. It can be found whether he is genuine or not. But we do not make distinction between an NRI who has been issued the tourist baggage form and a foreign national. It is not justified nor it should be made. If there is any such case, we would take action against that official for taking a wrong policy. We are thinking of liberalising that area also so that it does not occur again."

2.28 Clarifying the position, Member, CBEC stated:

"This is not discrimination. There is a difference between discrimination and distinction. This is only natural distinction. When a foreigner who has lost his video camera or something reports it to the airport, unless he pays the duty, he will remain standing there. There is nobody for him to pay the duty. In the case of an Indian, he is followed by lot of relatives and friends who pay the duty. The Ministry of Finance *vide* their communication dated 5-4-1995 informed that TBRE procedure has been scrapped."

(vi) *Procedure for collection of Duty from Passengers*

2.29 When a baggage declaration is made by the passenger to the Customs staff, in case the value of the imported goods is found to be in excess of permissible free allowance or other free allowances. The passenger is given duty receipt (DDR) specifying the description of items, quantity, value and rate of duty which is duly signed by the passenger, Air Customs Officer and Supervising Superintendent. The Duty is collected by the State Bank of India and a receipt is issued by the Bank as token of having paid the customs duty. The DDR is made in triplicate-original is given to passenger, duplicate retained by the Bank and the triplicate, being a copy of the customs is detained in the respective duty receipt book for auditing and any future reference purposes.

(vii) *Settlement of Disputes in Assessment*

2.30 Asked about the system adopted for clearance of goods with small

*. The passenger is required to pay customs duty at the prevailing rates.

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percentage of value exceeding duty-free allowance in the case of disputes of assessment of the price of items and the duty leviable on them and whether such goods were surrendered by the incoming passenger or the case was settled to the satisfaction of the passenger, the Ministry in a reply informed:

"Uniformity in valuation is achieved through adoption of printed price lists for items generally imported as baggage. The price list is prepared on the basis of catalogues/brochures obtained from various sources and updated from time to time. In case of dispute, such as items for which value is not available in the printed list, the same is assessed by an expert Appraiser and is accepted by the Assistant Collector of Customs. Generally, the dispute is settled to the satisfaction of the passenger and the goods are cleared by him. The passenger has also the option to ask for an appraisable speaking order and file an appeal before the Collector (Appeals). Only in very rare cases, the goods are abandoned by the passenger."

(viii) Pilferage of goods/items during checking of baggage for clearance

2.31 There have been complaints regarding pilferage of items, goods at the time of checking of baggage for clearance. The number of complaints for the years 1989 and 1990 are 9 and 7 respectively. All these cases have been examined and appropriate action taken. In cases of bonafide suspicion transfer of officer to non-sensitive posting has been effected. In other cases either the allegation have not been proved or complaints were found to be false or without substance. Complaint book/suggestion books are kept at the Airports.

2.32 The work of checking the baggage is done by Air Customs Officers under the direct supervision of a Superintendent of Customs (Gazetted Officer). No casual labourers are allowed to check passenger's baggage.

2.33 In a post-evidence note, the Ministry have informed as follows:

"Four cases of pilferage/missing items were reported during the last three years. In three cases it was found that either the Passenger had not declared the items in their oral declaration or the matter was reported long after leaving the airport. As the cases did not have any force of evidence in support of their allegation, the same were closed. The fourth case is under action at present."

Observations/Recommendations

2.34 The Committee note from the replies furnished by the Ministry of Home Affairs that work load of immigration clearance on the four major international airports has increased manifold because of increased threat Perceptions, terrorist activities, increased travel and visits of VVIPs. As such if additional strength, over and above the existing strength, could be provided, additional counters could be operated which may result in

reduction in the average time taken for immigration clearance of per passenger as well as clearance of entire flight. The staff recommended by the Staff Inspection Unit is less than the existing staff at Delhi, Calcutta and Madras except for Bombay where it has been increased marginally.

2.35 According to the Ministry of Home Affairs the existing number of counters are also not adequate. The problem gets aggravated during the peak hours when there is bunching of flights, when flights arrive at short intervals and there is always a spill over of passengers from one flight to another. Four more counters for immigration clearance are to be required each at Indira Gandhi International Airport and at Madras airport to clear the rush of peak hours. 1.5 minutes for clearance per passenger and 45 minutes for clearance of entire flights as recommended by the Staff Inspection Unit may be justifiable purely from the point of view of immigration but the security perceptions cannot be ignored. Therefore, the norm of 1.5 minutes per passenger is not practicable with the existing staff strength. Even the maximum waiting time of 45 minutes for the last passenger is high as compared to the international standard. The Ministry of Home Affairs have also pointed out that in case the recommendations of Staff Inspection Unit on staff requirements are implemented, the clearance time may increase to 4 minutes or so.

2.36 The Committee are informed that a study was conducted by the Staff Inspection Unit (SIU) of the Ministry of Finance in 1988 on the staff requirement for immigration clearance at the four International Airports. The staff pattern recommended by Staff Inspection Unit and the staff strength proposed by Ministry of Home Affairs in consultation with various agencies have been a bone of contention between the Ministry of Finance and the Ministry of Home Affairs. The Ministry of Home Affairs had to take a series of meeting with the Ministry of Home Affairs to explain their requirements. The Ministry of Home Affairs also had to approach the Committee of Secretaries for acceptance of their proposed staff strength.*

2.37 For immigration clearance of a passenger according to the Ministry of Home Affairs it takes 2½ to 3 minutes if a number of checks are required to be properly performed. Work load of the officers at the immigration counters has also increased manifold on account of security perception and increased travel on account of opening up of the economy and liberalisation policy of the Government. Also it is the high expectations of the international travellers that average time taken for immigration clearance per passenger at the Indian airports should compare to the international standard. According to the Ministry of Home Affairs the immigration clearance of passengers and the entire flight at international airports in

* The Ministry of Home Affairs vide their communication dated 18.4.95 has informed that SIU agreed to conduct fresh study of staff strength at the four major international Airports. SIU has submitted their Report and their recommendations have been accepted by the Ministry.

India within the average time at par with international standard may be achieved with provision of additional staff for operation of additional counters to clear the rush due to bunching of flights.

2.38 The Committee desire that the Ministry of Finance may be more considerate in acceptance of staff requirements for immigration clearance including additional staff for manning the additional counters required for clearance of passengers and the entire flight at par with international standard. This will create the first impression on the foreigners about India being modern and progressive and also will go a long way in improving the country's image abroad.

2.39 The Committee are happy to note that Government has taken a number of steps to streamline the immigration procedure for faster clearance of passengers. 'State-of-the-art' technology of computers like the one already installed at Delhi are proposed to be installed at the three other major international airports at Bombay, Calcutta and Madras. Software has also been developed to identify the correct spelling of the names of the passengers. Now a separate service is being constituted by drawing people from various disciplines and equipping them with specialised training. If a person is genuine it does not take more than 1.5 minutes for clearance. If there is a problem which is indicated by the computer such a passenger is segregated.

2.40 The Committee desire that such other measures as may be considered necessary for efficiency and dynamism this important work of immigration clearance of the level of international standard deserves may be initiated well in time.

2.41 The Committee also desire that installation of computers in Bombay and other international airports and proposed constitution of separate specialised service for immigration clearance at the international airports may be completed with due promptitude.

2.42 The Committee note that the passengers are required to give declaration of their goods contained in their baggage. Under the current procedure this declaration is oral. A passenger taking Green Channel is deemed to have declared that he does not have any dutiable articles and prohibited goods. Baggage is cleared generally on the basis of oral declaration made by the passenger. Where the Customs officer has any doubt and also on a surprise basis, some passengers opting for the 'Green Channel' are asked to open the baggage for verification whether they are entitled to clearance without any customs duty, etc. Some of the 'green channel' passengers based on watch over their behaviour and the size of their baggage, on random checks are asked to go and report to 'red channel'. According to the Secretary, Department of Revenue, 'it is also true that sometimes innocent passengers are also made to open their baggage'.

2.43. Passengers at the 'Red Channel', where goods in their baggage are

leviable to duty, are given clearance on the basis of their declaration as to the contents of their baggage. However, in some cases the Customs officer asks the passengers to open their baggage for thorough checking. On the basis of declaration and examination, the duty assessed and penalty levied is collected on the spot. The passenger who fail to deposite duty/penalty have the facility of temporary detention of their goods for claiming them subsequently after deposit of duty/penalty. At the red channel counter office, 15 minutes per passenger is the outer limit for clearance. If some passengers are already waiting there, then it will take about 45 minutes.

2.44 The Committee are informed that in Madras and in other minor international airports there has been delay in clearance of baggage though only on exceptional grounds. Where any passenger bring computer and other costly gadgets, for which the value is not readily available the goods are detained for valuation or otherwise on the following day in consultation with the expert or for order from the Senior Officer. The Committee cannot find any justification for hold up of clearance of bagage in such cases which necessarily require detention of the passenger also. The Committee would like the Government to ensure that there should be no hold up of the clearance of baggage to the following day for want of senior officer/appraiser and that the baggage is cleared on the same day.

2.45 Under the existing procedure an outgoing passenger who has been issued a Tourist Baggage Re-export (TBRE) at the time of his arrival has to produce the goods mentioned in TBRE before the proper officer and take the same out of India alongwith his baggage. However, tourists do report loss or theft of their items at the time of departure. In case of foreign tourist normally re-export of these items is waived by the proper officer provided it is supported by evidence like police complaint, etc. When such evidence is not produced by the tourist, an attempt is made to recover the duty. In case of tourists of Indian origin, the duty amount leviable on such items is invariably collected. The Committee feel that discrimination against passengers who happen to be of Indian origin is not justified nor it should be made. There should be nor discrimination between one set of travellers and another set. The law should equally made applicable to all travellers irrespective of their nationality or origin.*

2.46 The Committee are also informed that the Customs authorities are using modern equipment instead of trying to open the baggage and see whether it contains gold or not, X-Ray equipments are for screening which enable the Customs officials to spot out that a particular baggage is suspicious. Further since 1970, they have introduced a system of Air Customs Pool where specially chosen officers on basis of their speed, alertness and service record, take care, during clearance of passengers, of their own restrictions, violation of import restrictions and also of narcotic

* The Ministry of Finance *vide* their communication dated 5.4.1995 has informed that TBRE procedure has been scrapped.

smuggling. All these arrangements help clear the passengers very fast. Only in cases where there the passenger misdeclare the goods and is intercepted at the exit gate and on verification found to be smuggling out the contraband, the cases are detained for further investigation and follow up.

2.47 Customs duties are important source of revenue to the Government and revenue interest of the Government ought to be fully protected. At the same time the Committee desire that customs officials undertake check asking passengers to open their baggage for thorough examination in case of sufficient suspicion only not random/surprise checks in routine manner in order to ensure that no harassment is caused to the innocent passengers. Surprise/random checks wherever considered necessary should be undertaken on limited occasions and that too under the instructions and supervision of the Collector of Customs incharge at the Airport. The Committee would like to be apprised of the instructions issued by the Government in this regard, and details of the follow up action by the customs authorities at the Airports in their action taken report.

2.48 Under the provisions of the Customs Act, 1962, the passenger is required to make a declaration regarding contents of the goods contained in his accompanied baggage in Baggage Declaration Form. Under the current procedure, this Declaration is oral. The work of checking of baggages for clearance is done by Air Customs Officers under the direct supervision of Superintendent of Customs who is the Gazetted Officer of the Government. Though under the current procedure there exists adequate excuse for pilferage of goods/missing of items in respect of non-declared items in the declaration at the time of checking of baggage for clearance, the Committee are satisfied to learn that the number of complaints of pilferages made had been insignificant in the past.

2.49 The Ministry has admitted that there have been complaints regarding pilferage of items/goods at the time of checking of baggage for clearance. The Committee are informed that in the four cases of pilferage/missing items reported during last three years, in three cases it was found that either the passengers had not declared the items in their oral declaration or the matter was reported long after leaving the airport. These cases due to lack of evidence were closed. The fourth case is under action at present. In the four cases made by the passengers during the last three years, the complaints of pilferage/missing of goods have been made in respect of items not declared in their oral declaration. However, no details of the items and the amount involved therein have been furnished in these cases.

2.50 The Committee cannot appreciate the closure of these cases in the absence of any force of evidence in support of the allegations made by the passengers and that in the absence of evidence these complaints of pilferages of non-declared items are false or without substance. Complaints of pilferages and that too against the Customs Officers at the international

airports apart from causing loss to Government revenue and being criminal in nature, bring dis-repute to the country and need to be viewed seriously requiring thorough investigation.

The Committee desire that detailed enquiry giving complainants opportunity of hearing and collecting possible evidence, should be conducted and a report on these cases furnished to them within a period of six months.

2.51 The Committee also recommend that in all these complaints of pilferages the passengers should be compensated for the loss of non-declared items during the checking of the baggage for clearance, and that the Air Customs Officers and Superintendents of Customs in-charge during checking of the baggage for clearance in the instant cases should be immediately shifted and debarreo from duty of baggage clearance at the international airports. The Committee would like to be apprised of the action taken by Government on the recommendations including compensation to these passengers.

CHAPTER III

CLEARANCE OF IMPORT/EXPORT CARGO

A. Assessment Procedure

(i) Assessment and Clearance of Import Cargo

3.1 The Captain of the Aircraft is required to submit an import manifest immediately on landing of the Aircraft. In the import manifest details are required to be given separately for cargo and passengers. The Airlines also provide an airway bill to the importers in India. The goods are allowed clearance from the Customs on presentation of bill of entry by the importer or his agent. The importers have the option of availing services of Custom House agents duly recognised by the Customs Houses. To facilitate quick clearance of import cargo, the importers can file a bill of entry even prior to submission of an import manifest. Such a bill of entry is kept assessed even prior to landing of the goods. This advance processing enables the importer to effect quick clearance of cargo immediately on its arrival and unloading. Certain specified categories of importers are also provided facility of self-assessment. Even where there is dispute as to the assessment, the import consignments are released on bond and provisional assessment pending finalisation of assessment. The assesse of the procedure of assessment and clearance of import cargo is to eliminate any delay in clearances. After assessment, the bills of entry are pre-audited and handed over to the importers for payment of duty. After payment of duty, the goods are examined by Customs in the remaining cases and out of charge given. Thereafter the custodian releases the goods.

3.2 Importers are required to clear the goods within 30 days of their unloading at the Customs Station or such extended period as the proper officer may allow (Section 48) of the Customs Act, 1962 failing which the custodian of the goods may sell these goods after notice to the importer. In so far as assessment of import documents are concerned, it has generally been observed that at major airports, of all the import documents filed on a particular day about 70% are assessed by the Customs by the end of the 4th day and handed over to the importers for payment of duty and clearance of the goods. The Ministry vide their communication dated 5-4-1995 have informed that the percentage of document cleared by end of 4th day is not fixed and the figure is monitored for improvement.

(ii) Assessment and Clearance of Export Cargo

3.3 The basic documents for assessment and clearance of export cargo

is shipping bill. The proforma of the shipping bill has been standardised. Exporters have to choose one of the following out of the four shipping bills prescribed:—

- (1) Shipping bill under clam of drawback.
- (2) Shipping bill for export of dutiable goods.
- (3) Shipping bill for duty free goods.
- (4) Shipping bill for duty free ex-bond goods.

Exporter submits four copies of shipping bill in case of drawback shipping bill and three copies of other types alongwith bank attested invoice, GR Form, Export licence (in case export is restricted under the export import policy), AR-4/AR-4A Forms (in respect of exciseable goods chargeable to duty). Depending on the scheme, exporters furnish declarations necessary for giving the benefit of relevant schemes.

Where no benefit is availed in respect of exports and no export duties are leviable, the exports are generally allowed without further examination. In cases where goods are manufactured under Central Excise and the export consignments are sealed by the Central Excise Officer at the factory gate itself, generally the further examination of goods is not resorted to. The clearance of export consignments is given top priority.

3.4 The international Airports are located at Sahar (Bombay), Delhi, Calcutta, Madras, Trivandrum, Trichy, Calicut, Amritsar, Patna and Ahmedabad.

3.5 The major item of import and export from different airports are as follows:—

Calcutta Airport

Import:— Chemicals, Drugs and Pharmaceuticals, Polymers and resins, articles of rubber, textile items, tools and metal fittings, machinery and spares, etc.

Export: Leather goods, mica and fabricated mica, silk and other fabrics, made-ups and garments, handicrafts, engineering goods, etc.

Sahar Airport

Import:— Organic Chemicals, opthalmic, photographic, cinematographic, measuring and surgical instruments, machinery.

Export:— Garments, pharmaceuticals, leather products, perishables.

Delhi Airport

Import:— Electronic components, computer peripherals and parts,

software packages, medical equipments, drugs and chemicals, measuring instruments, machinery, computers.

Export:— Garments, Leather items, carpets, handicrafts, etc.

Madras Airport

Import:— Electrical and electronic and other machinery, chemicals, etc.

Export:— Leather and leather manufactures, ready-made garments, etc.

Trivandrum Airport

Import:— Scientific and technical instruments, life saving equipments, etc.

Export:— Vegetables and fruits.

Amritsar Airport

Main items of import are dry fruits and parts of hearing aids.

(iii) Custodian of Import Cargo

3.6 The International Airports Authority of India (IAAI) has been appointed as the 'custodian' of the import cargo by the Customs to hold custody of such cargo as is brought and deposited by the airlines at IAAI's Integrated Cargo Terminals at Bombay, Calcutta, Delhi, Madras and Trivandrum Airports, till final delivery to the importers or the disposal through public auction in case the cargo remains uncleared after 45 days of its landing.

Air India is the handling agent of IAAI at Bombay Airport.

B. Simplification of Customs System

Report of the Rail India Technical Engineering Services Committee (RITES): (March, 1992)

3.7 The Ministry of Commerce had commissioned a study in 1990 by M/s. RITES to examine the procedures for simplification of export and import of cargo. The Committee which included representatives from the Customs Department visited major ports and airports in the country and also visited Singapore and Australia to assess for themselves the systems in operation there. This report which was received at the end of 1991 had wide terms of reference which included simplification/reduction of documentation, expeditious clearance of cargo etc.

3.8 The Ministry of Finance (Department of Revenue) have stated that Customs procedures are constantly being reviewed. Government had appointed M/s. RITES to study the procedure of clearance of cargo who had given a report for simplification of procedure. Most of the recommendations have been implemented. Further the Committee on Indirect Taxation (Rekhi's Committee) had also examined the procedure

of clearance of cargo at the airports and the same is under examination in the Board's Office. Govt. had worked out/announced the procedure for self-assessment and green channel facility for importers/exporters.

(i) Export Procedures

3.9 Important changes introduced in the customs procedure during the last 2-3 years are as follows:—

- (1) The consignments which have been examined and sealed by Central Excise Officers or by export inspection agencies, Textile Committee etc. are not required to be examined at the point of export except for random/intelligence based checks. Like-wise, for export consignments belonging to established exporters having unblemished track records, routine examination of each consignment has been dispensed with.
- (2) The marine product consignments are now being allowed shipment without customs examination. Such consignments are cleared on the basis of self certification of exporters who have been authorised by the export inspection agencies to issue such certificates.
- (3) The requirement of obtaining a pre-shipment inspection certificate by exporters has been dispensed with in the case of exporters when overseas buyers do not want pre-shipment inspection and in case of exports by Star Trading Houses, Trading Houses, Export Houses.
- (4) Powers of assessments of import/export goods have been delegated to speed up clearances.
- (5) Export documents in the following cases are finally approved by Appraiser of Customs/Superintendent of Central Excise:—
 - (i) export documents relating export of goods not leviable to any export duty or cess or involving payment of drawback;
 - (ii) export documents involving payment of drawback upto an amount of Rs. 1 lakh; and
 - (iii) export documents involving export of goods under the duty exemption schemes upto a value of Rs. 1 lakh.

Apart from the aforesaid changes, the goods imported by exporters under the various export schemes (100% EOU/EPZ Schemes, Advance Licensing Scheme, etc.) are granted expeditious clearance by setting apart a set of officers exclusively to assess such imports at the major ports.

(ii) Import Procedures

- (i) In order to ensure speedy clearance of import documents and to introduce accountability for the delays in processing of such documents, each Bill of Entry is required to have a watch sheet at

the top giving time and date of receipt and disposal of the Bill of Entry at each stage of its movement between the assessing officers.

- (ii) Bills covering goods whose value does not exceed Rs. 1 lakh (with certain exceptions) are finally assessed by the Appraiser/Superintendent of Customs. These Bills of Entry do not go to the Assistant Collector. Out of Bills of Entry which will be assessed by the Appraiser/Superintendent, 5 to 10 Bills of Entry are selected by the Assistant Collector each day for scrutiny at his level.
- (iii) Routine 100% examination of Government cargo consignments has been dispensed with. The goods imported by the Central Government Department/Public Sector Undertaking would be examined only on a percentage basis.

(iii) Green Channel and Self Assessment of Import Documents

3.10 New measures including clearances of certain categories of goods without examination (Green Channel System) and self-assessment of import documents by the importer himself have been introduced from the 15th of June, 1992. These schemes are being restricted to importers of proven identity and limited to restricted items.

Green Channel

3.11 Under the Green Channel Scheme, cargo imported by importers with proven identity and unblemished record as well as Public Sector Undertakings would be cleared without examination. Only 10% of consignments would be selected at random for physical check.

Self Assessment

3.12 Under the Self Assessment of Import Documents Scheme, for certain category of goods, the importer would self assess the goods, determine his duty liability, and on that basis pay the duty. The goods would be subjected to only a percentage examination at the docks.

The Self Assessment Scheme would apply in respect of goods for which practice of assessment has been settled and there are no disputes regarding classification or valuation. To begin with, this facility would be extended to importers with proven identity and unblemished record of past conduct, apart from Government Department and Public Sector Undertakings. The Customs authority would conduct post audit of import documents cleared under the scheme. Any breach of trust by the trade would invite penalty.

3.13 The Secretary, Ministry of Finance (Deptt. of Revenue) during evidence informed:

"In the Customs Houses, we have informed the importers and exporters in 1992 that those who have an unblemished record can avail themselves of two facilities. One is the 'Green Channel' facility and the other is the 'Self-Assessment' facility. When I checked up in Delhi, to my disappointment, I found that, in spite

of the fact that the Notification was issued in 1992, still the exporters/importers were not fully aware of these facilities, though the Custom House Clearing Agents were aware of it. In Delhi, the Collector had personally written to the Chambers of Commerce and the Additional Collector had also contacted the importers in this matter. There are 146 parties who wanted to avail this facility. But, still they were not using them except a few public sector undertakings. However, in the last few weeks, after our letter we have found that the number is slightly increasing. When I tried to find out the reasons for not using these facilities, I was informed that there is a possibility that the insurance claims, which importers may have to make in case they found shortage in goods dispatch, may get affected once they took delivery of the goods. On an average in Delhi, 350 to 400 Bills are cleared every day. Out of which roughly ten per cent of the people are using these facilities now. Therefore, the movement is becoming faster."

3.14 In another note dated 13 January, 1995 the Ministry of Finance (Department of Revenue) have informed the position about the number of exporters and importers airport-wise as follows:

"The green channel scheme has since been further modified and facility is now available to importers in the category of Super Star Trading Houses, Star Trading Houses, Trading Houses and Manufacturing Export Houses (SSTH/STH/TH and MEH) excluding those who have come to the adverse notice of the Deptt. Since any one importer can import through any International Airport, it is not possible to determine the number; airport-wise. However, the total number are 128 in the category of SSTH/STH and TH (as on 01.09.94) The total number of MEH are 1138 and as these were included in the facility only since 02.01.95 the list of those eligible is yet to be finalised by the Collectors. In any case the number is subject to review as those coming to adverse notice at any time will be excluded.

(iv) Chemical Test of Samples

3.15 There has been a congestion in the Central Revenues Control Laboratory due to the large number of samples received and comparatively limited facilities. In order to strengthen the test facilities in the Central Revenues Control Laboratories, permission for tests to be carried out in other Government laboratories and even selected private laboratories is being allowed to expedite test results.

(v) Assessment System

3.16 In regard to assessment system, the Chairman, CBEC during evidence stated as under:

"The clearance of goods requires a certain scanning. If all the documents, complete in all respects, are presented we will be able

to clear the goods on the same day or at the most within 24 hours. In many cases in reality what happens is that the documentation made for clearance of goods are found wanting when our appraisers scrutinise them. Secondly assessment system is basically complicated and it is made further complicated by various types of exemption notifications issued from time to time. Verification of these aspects would require some time. We are trying to simplify the tariff as well as rationalising various exemptions, so that this type of a situation does not arise and the cargo could be cleared faster. I would admit that there have been some cases of delay where due to the absence of documents or where the officers did not understand the case properly would have raised queries which could have been otherwise avoided. Broadly the position is satisfactory”.

3.17 Responding to a query, the chairman, CBEC added:

“I think we should issue instructions that even if some document is incomplete we can issue instructions to Officer to accept the document and then we can rectify the defect.”

(vi) *Custom Classifications*

3.18 Asked to state as to what extent the Government had adopted international customs classifications, the Secretary, Ministry of Finance (Department of Revenue) during evidence stated as under:—

“We are following the harmonised system of nomenclature both in regard to customs and central excise. We have submitted it before also that we have a variety of rules. Problem really arises because we have a variety of custom duties. We have specific, *ad valorem*, specific cum *ad valorem* and a number of other duties. In addition we have hundred of notifications which give hundred per cent exemption or partial exemption. Then we have a number of other conditions, like certification, bonds etc. The real problem arises in regard to all these things. It may not be due to the non-adoption of harmonised system of nomenclature, it is only because of the number of different rules and duties that the problem arises. If there is a shade of difference between certain commodities, naturally an importer would like to somehow go into that particular classification which will give him some advantage. Notifications have been issued due to various reasons.”

(vii) *Filing, Bill of Entry before filing of manifest*

3.19 It had been stated in a Memorandum submitted to the Committee that the Bill of Entry for air cargo should be admitted straight away for appraisal which was supported by the purchase order carrying the value and cable/telex message from foreign supplier confirming the shipment and

flight details, with import licence and other documents wherever required for completing of customs formalities on the bills of entry upto the point of duty payment. Asked to state their comments on it, the Ministry in their reply stated as under:—

“As per the existing provisions of sub-section (3) of Section 46, a bill of entry may be presented even before the delivery of the manifest if the vessel by which the goods have been shipped for importation to India is expected to arrive within a week from the date of such presentation. Thus, in a case where the flight details of the aircraft carrying the goods are known in advance, there is no objection in filing the bill of entry before the filing of the manifest”.

(viii) Prior Inspection of goods by Importers

3.20 In a Memorandum submitted to the Committee, it was suggested that the authorised agents or the importers should be allowed prior inspection because it would not only facilitate the clearance but also reduce the allegation of pilferage. Asked whether the Government had some difficulty in agreeing to this suggestion, the Chairman, CBEC during evidence explained the position as follows:

“I would like to submit that there is a system of insurance survey which is available for all importers. Now, the insurance survey is required for the purposes of certain provisions of customs. If the Bill of Entry has been filed, we can straightway order the insurance survey. Situation which Hon. Member has referred to, can arise where somebody would like to have survey even without filing the document. We will explore whether it can be done or not.”

(ix) Clearance of relief supplies

3.21 Asked whether there was special procedure to clear the relief supplies coming for any natural disaster, immediately by the Custom Office, the Secretary, Ministry of Finance (Department of Revenue) during evidence stated as follows:—

“When the relief supply comes for any natural disaster like for example during the earthquake in Maharashtra, the relief materials which came from abroad, were cleared within minutes. Our Principal Collector was present. Even our Additional Collector or Deputy Collector were present. There could be problems when such materials arrive for the purpose of some individual organisations. In those cases, if the relief comes, then naturally, as per the rules and regulations, they have to get those relief materials examined whether they are paying the Customs Duty or not. Take the case of medicines or life-saving drugs. In those cases, the Assistant Collector or some such person can clear them

on the spot itself. Take again the example of Insulin or the life-saving drugs. They had been cleared without going into the formalities. Because, they were of less quantity. If they come in a large quantity, they must abide by the existing rules."

(x) *Paperless Transactions*

3.22 The Committee point out that the burden on the air cargo service is likely to increase manifold not only with the rise of India's International trade but also with the rise in the use of air as the media of delivery. If the agent himself is armed with all the documentation that Customs Department require, that should be admitted and the process should start. Asked to comment on it, the Secretary, Ministry of Finance (Department of Revenue) during evidence stated:—

"I fully appreciate the points made by the Hon'ble Member. At the opening of the session I submitted before this Committee that we are moving towards paperless transaction. We are in the process of introducing the electronic data interchange facility. We are taking up Delhi Custom House as the first Customs House which will have the most modern facilities available in the world. We are having a new building. We have assigned the work to National Informatic Centre. Every method is being studied; what is prevalent in Singapore or elsewhere. To start with, Delhi Customs House hopefully within next four to six months will have the most modern facility that any customs house can possible have. All sanctions have been issued and work has been started. At my level also I have assumed with various organisations involved, like Banks, International Airport Authority, Director General of Foreign Trade Customs and other agents. For the small customs houses which cannot computerised fully, we are providing a small computer in the office so that they can feed the data in it. We are trying to eliminate all manual transactions and discretion at the hands of the officers which in turn creates problems. In Bombay even today the exporters have got the facility of directly looking into their documents through computer. Many exporters are now availing themselves of this facility. We are moving towards a kind of situation where there will be very few papers involved in the clearance of cargo."

(xi) *Operation Hours of Customs Houses at Airports*

3.23 With effect from 1.4.1994, a round the clock examination and clearance facility for export cargo has been introduced at the four major ports of Bombay, Nhava Sheva, Calcutta and Madras as also the four International Airports at Sahar, New Delhi, Calcutta and Madras. Accordingly, the export consignments are examined and allowed clearance at any of the aforesaid ports/airports without recovery of any

over time charges, etc. The facility has been introduced by redeploying the existing staff.

3.24 In a subsequent note the Ministry have informed:—

“The facility of round the clock examination of export cargo introduced w.e.f. 01.04.94 has since been modified w.e.f. 01.11.94. Now the facility is available from 0800 hrs. to 2200 hrs. at airports of Bombay, Calcutta, Madras, Delhi and Bangalore.”

3.25 As regards the difficulties in extending this facility for clearance of import cargo at airports, the Ministry have stated as follows:

“Basically this facility has not been extended for clearance of import cargo in view of staff constraints. Further any such facility would also require that other agencies such as the Custodians, the Banks, the Drug Controller of India, etc. also function 24 hours.”

(xii) *Working hours of International Airports of India*

3.26 International Airports Authority of India closes all operations of forwarding of cargo by 3.30 p.m. though customs work upto 5.00 p.m. The working time of International Airports of India should be extended upto 5.00 p.m. Asked whether it was not possible to implement the suggestions, the Ministry of Civil Aviation and Tourism (Deptt. of Civil Aviation) in their reply informed as under:

“After cargo is forwarded by IAAI for Customs examination, the consignee is required to get customs clearance and to pay customs duty at Banks Counters in the Cargo Terminal which involves quite some time. As such cargo is forwarded in a manner to ensure its clearance after payment, the same day. By experience, it is noticed that there are no claimants after 3.00 p.m. except in very isolated cases. However, IAAI forwards the cargo even after the stipulated time for customs examination if requisitioned by the Customs.”

C. Monitoring Mechanism

3.27 The information relating to this point received from the Ministry of Civil Aviation and Tourism (Department of Civil Aviation) is as follows:

The monitoring mechanism in vogue for speedy clearance of export cargo (by the Airlines) and import cargo (by the consignees) is as under:—

(i) *Export*

(i) The backlog (export cargo awaiting upliftment) at the Airport Cargo Terminal is monitored by the IAAI on daily basis and position reported to the Ministry of Commerce (Air Transport Division). As nodal Ministry, the Ministry of Commerce watches the trend and build-up of the export cargo at gateway

airports and arranges for extra sectional flights of national and other carriers as and when the need arises.

- (ii) Ministry of Commerce and Ministry of Civil Aviation take policy measures and remedial steps for tackling backlog situation e.g. when export stock started building up at the Indian gateway airports in 1988-89, 'open sky' policy was announced.
 - (iii) To charter operators ex-IGI Airport (where IAAI does complete Terminal functions at the Cargo Terminal), unitisation i.e. stuffing of pallets and containers is done by IAAI even at a very short notice of 24 hours.
 - (iv) Penal rate of storage (demurrage) charges are levied by the IAAI from the concerned airlines for export cargo held at the Cargo Terminal beyond 15 days from the date of receipt of the bonded area.
- (ii) *Import*
- (i) In addition to the cargo arrival notice sent by airlines, IAAI also sends arrival notices.
 - (ii) The ascending slab system of storage charges of the IAAI which progressively increases week after week, in itself acts as the incentive for faster clearance.
 - (iii) Deterrent rate of demurrage charges are levied for cargo cleared beyond 3rd week from the date of arrival.
 - (iv) Import cargo which remains uncleared even after 30 days from the date of landing are taken up for disposal either by handing over to Customs (unaccompanied baggage and sensitive items) or through public auction (all other general cargo).

D. Security Measures to prevent Pilferage of Goods at Cargo Terminal

3.28 It has been pointed out that some Security measures need to be taken to prevent any kind of pilferage sheds/warehousing cargo. Asked what security measures have been taken by the Govt. to prevent pilferage at the sheds/warehousing cargo, the Ministry in a note stated as under:

To check incidents of theft & pilferage in the Cargo Terminal, IGI Airport, Home Guards were deployed w.e.f. 1.1.1993. However, incidence of theft/pilferage still increased after the introduction of Home Guard Security. The Home Guards have accordingly now been replaced w.e.f. 16.1.1994 by a DGR recommended Ex-Servicemen Agency. Situation has drastically improved thereafter. To curb the menace and to beef up the security and safety of cargo/baggage including unaccompanied baggage, at the Cargo Terminals, the IAAI has taken the following measures:

- (1) All cases of theft/pilferage are reported to the Airport Police Station and are also pursued at higher levels in the Police

Department including Crime Branch for Investigation, apart from the internal joint investigations being carried out by the Security and Cargo operations personnel of IAAI.

- (2) Security has been strengthened at the entry and exit points of the Cargo Terminals. Separate enclosures/godowns have been created for unaccompanied baggage and sensitive cargo.
- (3) Close Circuit TV Cameras have been installed at the Cargo Terminals, IGI Airport, for surveillance.
- (4) The Central Board of Customs has been urged to post preventive Customs staff at all the exit points of Delhi Airport as is the practice at Bombay Airport. Implementation, thereof, is however, awaited.
- (5) The character and antecedents of the personnel to whom permanent entry passes are issued for transacting business/working at the Cargo Terminals, are verified through the Police, regularly.
- (6) Cityside and airside warehouse illumination have been improved at IGI Airport.
- (7) Damaged packages are being repacked after joint weighment for preventing pilferage and further damage. IAAI has, since 1.2.1994, started rejecting packages considered poorly packed and non-airworthy.
- (8) The airside security is further tightened by the deployment of additional security personnel.

3.29 As regards to theft of goods during their storage in the warehouse at Airport, the Ministry in a subsequent note furnished to the Committee, stated as under:

“There have been five cases of theft of goods during their storage in the warehouse at Airport. Four cases are under investigation with CIU, New Custom House, Bombay and one case pending with the Vigilance Section.”

3.30 Asked whether study has been carried out by the Customs Authorities into the cases of pilferage in cargo at the International Airports, the Ministry in a reply informed that no such special study has carried out by the Customs Authorities into the cases of pilferage of cargo at the International Airports.

E. Covered Storage Facilities

3.31 It has been represented to the Committee that covered storage facility should be provided by International Airports Authority of India for heavy machinery. Asked whether this facility is provided at all the International Airports and the factual position in this regard. The Ministry in their reply informed:—

"At all International Airports, IAAI has provided covered space for storage of heavy packages. However, many packages are found kept in the open at Bombay Airport and IAAI have requested its Ground Handling Agency (Air India) to store them properly within the warehouse/under the shed by judicious use of the space. The poor rate of clearing import consignments is due to lengthy customs procedures for clearance and disposal action etc., which at times creates bottle necks resulting in a large amount of Cargo remained uncleared. Therefore, in such an eventuality it is not possible to provide covered space for the entire cargo. No complaint has been received by IAAI in this regard."

F. Clearance of Refund

3.32 It has been stated that the Refund Department provide a time limit to the Manifest Clearance Department for receipt of the original Bill of Entry. Asked to comment on it and time being taken at present by Clearance Department to clear the refund application, the Ministry in their reply stated as under:

"The time taken to collect the document from each department of the Customs House required for processing the refund claims may vary from case to case. The suggestion that refund claims may be processed on the basis of the triplicate copy of the Bill of Entry (as has been suggested in the Memorandum given to the Committee also) is presently under examination in consultation with the Principal Chief Controller of Accounts, New Delhi."

Observations/Recommendations

3.33 The Committee note that the Central Board of Excise and Customs being the regulating agency for enforcement of the provisions of the Customs Act, 1962, plays a pivotal role in economic development of the country through substantial revenue contribution to the national exchequer. While enforcement functions of the Customs Department for collection of revenue and checking drug trafficking and smuggling are very important, facilitation of both in the field of trade and passenger clearance in the modern day world has also assumed greater importance.

Cargo Clearance

3.34 The Committee note that pursuant to liberalised economic, industrial and trade policies of Government, a number of measures have been undertaken by the Ministry of Finance (Department of Revenue) during the last two-three years for simplification of Customs procedures consequently providing facilities to trade and industry. Most of the recommendations made by M/s. RITES appointed to examine the procedures for simplification of export and import cargo, have also been implemented. Major reforms introduced in the Customs procedures for faster clearance of cargo include *inter alia* Self Assessment of Import Documents, introduction of 'Green

Channel' for clearance of certain cargo without examination for importers with proven identity and unblemished record, relaxation of norms for examination of cargo at the point of export, reduction in number of stages for processing of export documents, greater delegation of powers of assessment, random and intelligence based checks, etc.

3.35 The physical examination of import cargo not only disrupts the production schedules and affect adherence to delivery but also results in overall erosion of exporter credibility in the world market. The Committee desire that two major simplification schemes of Self Assessment of Import Documents and 'Green Channel' for clearance of cargo which is at present available to importers of proven identity and unblemished record may also be extended in a phased programme to other regular exporters and for import cargo for export production.

3.36 The Committee note that so as to reduce delays in the clearance of import documents, a reform has been introduced in the import procedure. Now each Bill of Entry is required to have a watch sheet at the top giving time and date of receipt and disposal of the Bill of Entry at each stage of movement between the assessing officers. The Committee, however, desire that an overall specific time limit also be stipulated for clearance of import cargo in order to ensure expeditious clearance as also to make availability of space for safe and sheltered storage of imported goods and to avoid payment of demurrage charges.

3.37 As reported in a write-up by the Directorate of Publicity and Public Relations, Customs and Central Excise, New Delhi on the occasion of the International Customs Day on 26th January, 1995 a Symposium on Trade Efficiency was held in Colombus, Ohio, USA in October, 1994. At the Symposium, simplification of Customs laws and procedures was considered in detail. The thrust of the suggestions made was in the following spheres of Customs operations:

- (a) Review of existing procedures and streamlining/eliminating of those that are inefficient or redundant.**
- (b) Application of selectivity in goods release by the use of risk analysis techniques.**
- (c) Release goods on minimum information with detailed assessment and checking through post-audit.**
- (d) Use of automation and computers to speed up clearances.**
- (e) Investing the responsibility of all government interventions with one agency i.e. Customs or proper coordination of the work of all concerned agencies.**
- (f) Timely dissemination of information on Customs formalities and requirements to trading community.**

3.38 As reported in the Statesman dated 11 February 1995, a delegation

of Japanese companies visiting India for investment studies observed that they were keen on investing in India but there were certain barriers which slow down business decisions and improvement in India's image in order to attract investment from Japan. According to them apart from high import duties which make finished products, non-competitive, things like getting 'letter of credit' and 'customs clearance' can take upto a month each and as a result plants can't produce efficiently and economically.

3.39 It is indeed a sad paradox that while the Ministry of Finance is acting as the nodal Ministry in the Government of India in recommending and ushering reforms in the various statutes, legislations, rules and administrative procedures under the various Ministries and Departments of the Government in the globalised economic scenario. Surprisingly, it has failed to take necessary steps to simplify the archaic customs laws and revamp administrative procedures in order to articulate its goals, objectives and strategies towards removal of invisible barriers to get the benefits of trade and investment flows in the emerging world economic scenario.

3.40 The Committee are informed that major problem in the expeditious clearance of goods is the assessment system which is basically complicated and made further complicated by various types of exemption notifications issued from time to time. There are a variety of rules and customs duties. Verification of these aspects require some time. As admitted by the Chairman, CBEC during evidence, there have been cases of delay where due to the absence of documents or where the officer did not understand the case properly raised queries which would have been otherwise avoided. Further divergent interpretation of rules by the Ministry of Commerce who formulate the Import Export Policy and the Customs Departments who levy Customs duties on imports in the light of various notifications, perpetuates the problem.

3.41 The burden on the air cargo service is likely to increase manifold not only with the rise in India's trade but also with the rise in use of air as the media of transport. And, therefore, unless the system is overhauled the Customs authorities will not cope up with the timely clearance of import and export cargo. The Committee, therefore, feel that there is need not only for further simplification of Customs laws and Procedures but also rationalisation of Customs tariff structure to facilitate speedy clearance of cargo in the wake of anticipated increase in India's international trade after opening up of the economy in the global context. This would also lead to faster movement of goods and make India's export more cost effective.

3.42 The Committee recommend that Government should initiate specific steps on the reforms suggested in the symposium on Trade Efficiency regarding simplification of Customs laws and procedures in the spheres of Customs operations which are very much relevant to the system prevalent in India. The Committee recommend that with a view to rationalising the Customs tariff structure, and reforms for simplification in Customs laws

and procedures, a Working Group consisting of *inter-alia* representatives of the Ministries of Finance and Commerce, trade and industry and other experts in the field for making an in-depth study and appropriate recommendations in a given time-frame may be set up. The Committee would like to be apprised of the implementation of their recommendations in their action taken report within a period of six months.

3.43 The Committee also desire to be apprised of:

- (i) acceptance and implementation of recommendations contained in Rekhi Committee Report;
- (ii) (a) permitting filing of the Bill of Entry before the filing of the manifest;
(b) facility to importers to have insurance survey even without filing of document; and
(c) processing of refund claims on the basis of triplicate copy of the Bill of Entry as promised during evidence.

CHAPTER IV

ORGANISATIONAL, ADMINISTRATION AND FUNCTIONAL ASPECTS

A. Organisational Structure

4.1 At the apex of the organisational structure is the Central Board of Excise and Customs headed by a Chairman and six Members. The primary functions of this apex body are formulation of policy and procedures, supervision and control.

The Customs Wing of the Central Board of Excise and Customs serves as the administrative authority for the Customs field formations under the Department of Revenue in the Ministry of Finance.

Member (Customs) in the Central Board of Excise and Customs is incharge of the Customs matters.

4.2 The Working of implementation of the policy is carried out by the field formations which are headed by the Collectors of Customs and further subordinate formations headed by Additional Collectors/Asstt. Collectors. The organisational structure at each International Airport varies depending on the workload. Most of the International Airports have been constituted as separate customs houses. In Bombay and Delhi these are headed by the Collector of Customs, whereas in Calcutta and Madras, by the Additional Collector of Customs working under the Collector of Customs incharge of the port of that area. In each Custom House at International Airports, the work relating to baggage and air cargo is handled separately; whereas the work relating to air cargo is done during normal duty hours with some exceptions. In these Customs Houses and International Airports, officers of the rank of the Asstt. Collectors of Customs are generally available to take on the spot decisions. The Asstt. Collector of Customs are assisted by Appraisers for cargo clearance; for baggage clearance, the Asstt. Collectors are assisted by Supdt. and Inspectors. At Delhi and Bombay Airports where the work of baggage is substantial, the work of passenger clearance is carried out in shift duties. One Asstt. Collector of Customs being incharge-of each shift.

4.3 The structure seeks to provide appropriate delegation of authority to enable the Collectors and other officers to decide majority of cases at their level with a view to achieve expeditious clearance of cargo and passengers even as the main function of revenue collection is performed. Appellate Authorities are likewise provided to settle, on appeal, disputed assessments.

4.4 The senior officers of the level of Deputy/Additional Collector,

Collector, Principal Collector, etc., pay surprise visits, particularly during night shift hours. This arrangement ensures clearance of a large bulk of passengers soon after their arrival; a small number of cases where goods cannot be cleared during the night shift hours e.g., on account of non-availability of higher officers whose formal orders may be required for decision are cleared during the following day(s). The Ministry of Finance (Department of Revenue) vide their communication dated 20.4.1995 have informed as under:

The working of implementation of the policy is carried out by the field formations which are headed by a Collector who is in turn assisted by Addl. Collr./Dy. Collr./Asstt. Collrs. Further subordinate formations wherever in existence are again headed by Addl. Collr./Dr. Collr./Asstt. Collrs. The organisational structure at various international airports varies depending on the work-load and functional requirements. While Sahar International Airport at Bombay is headed by an Officer of the rank of Collector, International Airports at Delhi, Madras, Trivandrum and Calcutta are under the control of jurisdictional collectors concerned.

Name of the Airports	Controlling Collectorate
I.G.I., New Delhi	Collector of Customs, Delhi
Madras Airport	Collector of Customs, Madras
Calcutta Airport	Collector of Customs, Calcutta
Trivandrum Airport	Collector of Central Excise & Customs, Cochin.
Sahar International Airport, Bombay	Collector of Customs, Sahar Airport

The Airport which are not headed by a Collector but are controlled by concerned Collectors of Customs, an Officer of the rank of Addl. Collector is in charge of that Airport.

Airpool System at International Airports

4.5 The Baggage clearance of passengers is one of the main objective of the Airpool system. In the Airpool system, the Collector of Customs, Airport has under him one Additional/Deputy Collector, a complement of Assistant Collectors, Air Customs Superintendents, Air Customs Officers and Ministerial and Group 'D' Staff.

B. Staff Strength

4.6 The airport-wise statement showing the sanctioned strength, working strength and vacancies of officers staff are as on 1.4.1992 is given below:

Strength	Collector	Addl. / Dy. Collr.	Asstt. Collr.	Supdt.	ACOs	Sepoys
SAHAR AIRPORT						
Sanctioned	1	1	11	125	530	32
Working	1	1	11	119	476	110
Vacancy	—	—	—	6	54	—
INDIRA GANDHI INTERNATIONAL AIRPORT, DELHI						
Sanctioned	—	1	8	93	330	24
Working	—	1	8	70	298	26
Vacancy	—	—	—	23	32	—
TRIVANDRUM INTERNATIONAL AIRPORT						
Sanctioned	—	—	2	13	52	23
Working	—	—	2	13	52	23
Vacancy	—	—	—	—	—	—
CALCUTTA AIRPORT						
Sanctioned	—	—	2	9	60	30
Working	—	—	1	—	14	31
Vacancy	—	—	1	2	1	—
ANNA INTERNATIONAL AIRPORT, MADRAS						
Sanctioned	—	—	3	19	80	15
Working	—	—	3	18	76	15
Vacancy	—	—	—	1	4	—

(i) Adequacy of Staff Strength

4.7 In regard to adequacy of staff strength to cope with the clearance of passengers and cargo traffic, the Ministry of Finance (Deptt. of Revenue) informed that airport-wise information is as follows:

(1) Sahar Airport

The adequacy of the staff strength is under review.

(2) Indira Gandhi International Airport, Delhi

The existing strength was fixed in 1987. The existing strength of officers and staff is not adequate to cope with the increasing passengers and cargo traffic. It is proposed to undertake a review.

(3) Trivandrum International Airport and Karipur Airport

At the Trivandrum International Airport, the existing staff strength was fixed in 1986. The review of the work load and the staff strength is being undertaken. In the Karipur Airport arrangements for Customs clearance have been made by diverting the staff from other formations on *ad-hoc* basis. Proposal for sanction for regular staff is under consideration.

(4) Calcutta Airport

Present strength is inadequate to cope with the clearance of passenger traffic. The question of providing additional staff is under review.

Anna International Airport, Madras

- (5) The existing staff strength was fixed in 1985. The question of providing additional staff is under review.

(ii) *Procedure for Filling up of Vacancies*

4.8 On a question on the procedure adopted for filling up of vacancies of various categories of staff, the Ministry in a note furnished to the Committee informed:

The procedure airport-wise as follows:

(1) *Sahar Airport*

The vacancies at Airport are filled up by Customs House, which is the cadre controlling authority and the Administrative, Personnel and Establishment function of this Collectorate are controlled from Customs House. The vacancies at the level of Superintendents excluding the vacancies earmarked for Central Excise Collectorates are filled in directly by the Customs House. At the level of Preventive Officer, the vacancies are filled by Customs House. There are 28 posts earmarked at the level of Preventive Officers for Goa Collectorate. The remaining 25% of the sanctioned strength is filled up from empanelled candidates from various Central Excise Collectorates under the Airpool scheme. The ministerial staff and Group-D staff are also posted by Customs House on rotational basis.

(2) *Indira Gandhi International Airport, Delhi*

Posting of Group 'A' officers is made by the Central Board of Excise and Customs. As regards the selection of Air Customs Superintendents (A.C.S.) and Air Customs Officers (A.C.O.) of this Collectorate, a panel is prepared on the basis of certain specific criteria laid down by the Ministry/Central Board of Excise and Customs from time to time and names are released from the select panel of Superintendents and Inspectors as A.C.S. and A.C.O. respectively, for a tenure of one year, as and when the vacancies arise.

As regards the posting of A.C.Ss. and A.C.Os from other Collectorate (Customs House) on deputation basis willingness of the eligible officers is sought by this Collectorate for the purpose of preparation of panel of Superintendents and Inspectors as A.C.S. and A.C.O. respectively. Names are released for the above said posts from the aforementioned select panel for posting at the Indira Gandhi International Airport for a tenure of three years, as and when the vacancies arise.

(3) *Trivandrum International Airport and Karipur Airport*

The vacancies are filled up as and when they arise. Seventy five per cent are filled from the parent Collectorate and the balance

twenty five per cent from the Customs Houses on deputation basis after taking into consideration seniority, willingness and CCRs.

(4) *Calcutta Airport*

Out of total strength, 75% is filled up by the Customs staff belonging to Calcutta Customs House and 25% is filled up on deputation basis by the Central Excise Collectorates. Vacancies are filled as and when they arise.

(5) *Anna International Airport, Madras*

They are partly drawn from the Customs Houses at Madras, Cochin and Visakhapatnam and 25% from Central Excise Collectorates. The vacancies are filled up as and when they arise.

4.9 With regard to time lag between the occurrence of vacancy and filling up for each category of posts and steps propose to take to fill up these vacancies, the Ministry of Finance (Deptt. of Revenue) in a note furnished information airport wise as follows:

(1) *Sahar Airport*

There is no time lag between the occurrence of a vacancy and its filling up for each category of posts since officers are wait-listed on a panel and are posted immediately as the vacancy arises.

(2) *Indira Gandhi International Airport, Delhi*

The vacancies are filled up as and when they arise by releasing names from the select panels. In case, the select panel has already exhausted, a fresh panel is drawn and names are released accordingly from time to time.

(3) *Trivandrum International Airport and Karipur Airport*

The vacancies are filled up as and when they arise. 75% are filled from the parent Collectorate and the balance 25% from the Customs House and other Central Excise Collectorates on deputation basis after taking into consideration seniority, willingness and CCRs.-

(4) *Calcutta Airport*

Out of total strength, 75% is filled up by the Customs staff and 25% is filled up on deputation basis by the Central Excise Collectorates. Vacancies are filled as and when they arise.

(5) *Anna International Airport, Madras*

They are partly drawn from the Customs Houses at Madras, Cochin and Visakhapatnam and partly from Central Excise Collectorates. The vacancies are filled up as and when they arise.

The Ministry of Finance (Department of Revenue) in subsequent note

stated that while the Gr. 'A' officers are posted by CBEC, Gr. B and C officers are part of the Airpool. The basic policy parameter is that 75% of the posts are filled up from the officers of the controlling collectorates, 25% are from other (outside Collectorates) The tenures are one year for officers belonging to the controlling collectorates and 2 years for officers belonging to outside collectorates. While at Delhi and Trivandrum Airport 25% outside quota is meant for officers of various Customs Houses at Bombay/Calcutta/Madras 25% quota (outside quota) is meant for officers of various Central Excise Collectorates.

(iii) Increase in Number of passengers

4.10 In a brief the Secretary, Ministry of Finance (Department of Revenue) during evidence informed as under:

"We are finding that the number of passengers is also increasing. There is a provision for increasing the strength of staff members. We draw people from the local Collectorate of Customs from the custom offices located outside and also from the Central Excise. We thus have a joint pool in which we have officers drawn from different organisations we do not keep them for a long period. So, there is a continuous rotation of the people posted in Custom/Airport. We have also decided that all matters which can be decided at the Assistant Collector's level is decided on-the-spot. When the Assistant Collector can be contacted. Therefore, there are rules and regulations and discretion is given to the authorities posted to the Customs to decide the cases on-the-spot. Only in exception circumstances the delay takes place. Initially, most of the passengers traffic was done by sea. Even as late as 60s, the bulk of the passengers were moved by the sea and only a few passengers, who belong to the upper strata, were travelling by air. At that time, the clearance of passengers through airport was a very simple affair because these passengers generally did not bring much because they were having whatever they had and they were not keen to bring other things. But, over a period of time, with the decline in the sea transport, especially between neighbouring countries like Singapore, Gulf and other places, people resorted to travelling by air. So, now we have to do the necessary checking seriously."

4.11 The Secretary, Ministry of Finance (Department of Revenue) added:

"In fairness, I must also say that there is a genuine problem in India and other countries in the sub-continent as far as air passengers are concerned. Most of the flights which come to either Pakistan or India or Sri Lanka come during night. This causes inconvenience not only to Customs and other authorities but also to the people who are living in the neighbourhood of airports.

Most of the western countries have night curfew. They allow those flights before that and no more take-off or landing take place in those airports. When they land in India, most of the aircrafts land after 9.30 p.m., 10 p.m. and the aircrafts start bunching-up sometimes at midnight. More and more passengers come in, with greater liberalisation, and the number of aircrafts coming in night will be bound to increase. But throughout the day, even if you take Bombay, you will find generally there is hardly any international aircraft movement during day time. So is the case with Delhi. In the night, in the peak season, there may be 3,000 passengers on a single night. When the vacation season starts, the number of passengers may increase making it difficult for the existing staff to handle. But when you look from the expenditure angle, they prepare a norm for staffing pattern on the basis of workload. But all these people cannot be posted in the night time itself. That is why, we have a problem of inadequate staff.

Secondly, there are demands like in Ahmedabad, from where a lot of people are going to U.K. and other places. So, international flights have started from there. Generally there is some kind of time gap between starting of international flights from such airports and the actual position of the staff. Sanctioning of staff has to pass through a separate procedure altogether. I also agree with him that all these things must take place simultaneously. Because so many Departments are involved, this coordination normally does not take place. Somewhere the machinery of the Department fails, with the result, there is delay in positioning the required staff. But after some time, it gets adjusted."

(iv) Severe Constraints at Field Formations

4.12 The Ministry in a note have stated that some of the field formations have reported severe constraints in their activities due to insufficient budget provisions. Difficulties are faced under the Budget Sub-Heads for overtime Allowance, Travel Expense, Motor Vehicles etc. Problems are also faced while setting up new facilities such as providing of staff at new Airports/Air Cargo Complexes/Internal Container Depots etc. These facilities are set up by the Government and the decisions are taken by the concerned Ministries involved (Ministry of Civil Aviation, Ministry of Commerce etc.). However, not only there is a time-lag in the sanction of posts of custom officers for manning these facilities, there are difficulties in getting these approvals since invariably 'matching savings' are insisted upon by the expenditure division. While no project has been dropped due to paucity of funds, there have been considerable delays in sanction of the staff and that too, at a reduced level, making the optimum functioning of the facilities rather difficult.

4.13 In a subsequent note explaining the measures taken for fulfilment of statutory obligation cast on the customs authorities, the Ministry has stated as follows:

“New facilities are serviced by diverting staff from the existing sanctioned strength till regular staff is sanctioned for the new facilities. Till such time the statutory functions are performed by making best use of the available resources”.

(v) *Sanction of Staff*

4.14 During tour to Bombay the Committee were informed that sufficient staff were not sanctioned and sufficient equipments were not made available at Bombay airport. For proper deployment of staff and machinery, a sum of Rs. 50 crore extra expenditure would have to be incurred but revenue would be doubled. The Chairman, CBEC during evidence explained as follows:

“I am thankful to the Committee for having noted this. The real problem is, we are somewhat under-staffed. First of all, the staff is not sanctioned on time. I have been experiencing this when I was Additional Collector in Trivandrum, when it was made the International Airport. All kinds of International flights were started there but we were not given any extra staff. The existing staff who were meant for Central Excise were somehow used for this purpose. SIU and other things take quite a long time. Of course, we got the staff two years later but that too, not in full number.

We have to see that the passengers are cleared as quickly as possible and see that the regulations are observed. In a situation like this, we are always running behind in the volume of traffic. Now Ahmedabad is going to have additional international flights. These are the healthy development from the overall public point of view. But I would only wish that some procedure should be evolved by which additional staff are taken care of. We should have a system by which staff requirements on the customs and immigration side and various other connected things are taken note of simultaneously when the new flights are introduced so that airports services are not put to any inconvenience.”

C. Delegation of Powers

4.15 Each Head of Department in the Customs and Excise Department is responsible for the smooth functioning and performance of duties assigned as per scheme of distribution of work to the office under his charge. Heads of Department are also competent to utilise the powers delegated to them as indicated in Fundamental Rules and Supplementary Rules/General Financial Rules and Delegation of Financial Power Rules; 1978.

In so far as technical matters are concerned there is an ample delegation of powers to the officers posted at airports to enable them to take immediate decision without referring most of the matters to superior officers. The policies are clearly laid down and in the areas of implementation, there is devolution of power at the level of Collector, Additional Collector and Assistant Collector.

- (i) *Baggage Rules, 1978*: In case un-accompanied baggage of a passenger arrives in India before or after arrival of the passenger, the intervening period, subject to specified limits can be condoned by the Assistant Collector of Customs. For instance, if the baggage arrives after the arrival of passenger by sea, the Assistant Collector can condone the period upto 3 months and Collector can condone this period without any limit. For air baggage the extension upto two months can be done by Assistant Collector and without any time limit by Collector of Customs. In case the baggage arrives prior to the arrival of passengers, the normally permissible limit of two months can be extended to four months by the Assistant Collector of Customs and to one year by Collector of Customs.
- (ii) *Transfer of Residence Rules, 1978*:
 - (a) The delegation of powers for early or late arrival of the baggage is the same as in the Baggage Rules, 1978 described in the above para.
 - (b) The Assistant Collector of Customs has been empowered to condone terminal shortfall of two months of stay abroad.
 - (c) Additional Collector of Customs has been empowered to condone the shortfall upto two months in a person's stay in India for a period of one year after availing TR.
 - (d) The Collector of Customs has been empowered to condone the period of stay during short visits to India in excess of normally permissible six months.
- (iii) *Tourist Baggage Rules, 1978*: The Collector of Customs has been empowered to extend the validity to Tourist Baggage Re-export Certificate by 18 months after the expiry of normal period of six months.

D. Training

4.16 All the officers are given theoretical as well as practical training to get acquainted with the working of all sections of Airpool before they are given independent job assignment. National Academy of Customs, Excise and Narcotics has been organising induction as well as refresher training course from time to time for, *inter-alia*, the Airpool officers posted at the International Airports. The training content includes, *inter-alia*, the Custom laws and procedures especially those relating to clearance of passengers at Airports, the allied laws being implemented by Customs, the

facilitation of passengers and Antismuggling and Drug Enforcement measures and techniques.

From the year 1989 till September 1993, the Academy has conducted 28 courses for officers posted at the International Airports and trained about 719 officers.

Out of these 28 courses, two courses were organised in association with U.S. Customs/Drug Enforcement Administration. They provided faculty support.

4.17 As a part of the training imparted to the Customs officers who are selected to man the counters at the airports, emphasis is laid in preparing them to be courteous and polite while dealing with the passengers. Apart from the various instructions issued by the jurisdictional Collectors of Customs and the Board from time to time, the Hand Book for Air Customs Officers brought out by the Directorate of Training also requires the Customs officers to treat the passengers with dignity and extreme courtesy.

E. Vigilance

(i) *Surprise Checks*

4.18 Surprise checks on the staff manning the Customs clearance counters at the International Airports are done by the Supervisory Officers like the Assistant Collector, Additional Collector in charge of the Airport. Surprise checks are conducted by the Collector and Vigilance staff of the Collectorate and Vigilance Directorate Joint checks are also conducted by the Vigilance staff and Central Bureau of Investigation.

(ii) *Surprise Visits*

4.19 In so far as visits by the Directorate of Vigilance are concerned seven such visits have been made. A surprise visit by Madras Zonal Unit of the Vigilance Directorate Officers at Madras and Trivandrum International Airports revealed irregularity involving revenue implications. Necessary action against the erring officers is underway. Similarly four surprise visits by the Headquarters Vigilance were made at Indira Gandhi International Airport, New Delhi for discreet check in connection with the clearance of the passengers at the Green/Red Channels. No irregularities were noticed, however, some proposals had been made to streamline the procedure.

(iii) *Surprise checks conducted by Vigilance Cell*

4.20 Surprise checks of passengers at the Airports conducted by the Vigilance Cell/Intelligence Unit/D.R.I. during the last three years are

as follows:

1991	1992	1993
6	12	5

4.21 Officers found engaged in malpractices and disciplinary action initiated against them are as follows:

	1991-92	1992-93	1993-94
Madras	—	3 Officers	—
Sahar Airports	23 Officers	13 Officers	17 Officers
Calcutta	—	—	—

Delhi—During the last three years 10 officers/officials posted at Airport were found indulging in malpractices, out of which 8 officers/officials have been chargesheeted for major penalties.

4.22 During tour to Madras, the customs authorities have informed that during the year 1992 and 1993, officers were found involved in fraudulent corrupt practices. In 3 cases inquiry proceedings are in progress and 6 cases have been referred to Central Vigilance Commission for concurrence for initiating major penalty proceedings.

4.23 Commenting on the corruption aspect and the measures to contain it, the Chairman, CBEC during evidence stated as under:

"I would have been much happier if I could have said that it is not there. But the fact is that there is a degree of corruption in our international airports now. We have been constantly trying to strengthen the supervisory level. There was a time when even Additional Chief Inspector in a place like Bombay was able to maintain control and see that there were not much of misdeeds on the part of officers entrusted with the job of clearing the passengers. Now, successively, we have upgraded this level. But in spite of it, partly because of the enormous increase in the traffic and partly because of our own too strict baggage rules and coupled with high rates of duties which are in existence—you may recall, at one time, it was 345 per cent- now, if we see the ground realities a passenger who lands with even Rs. 1000 worth of goods on which he has to pay duty, was called upon to pay Rs. 3,000 or Rs. 4,000. Naturally, it is better from his side if he gets out by paying Rs. 1,000.

So, we are taking remedial measures. We are increasing the supervision. We are increasing the level of senior officers, like Collectors and other officers. The Vigilance officers are making checks. We also try to make the duty rates reasonable."

4.24 Asked to state the number of complaints received during the last three years, year-wise, airport-wise, the main points of complaints and

action taken thereon by the Customs authorities the Ministry in a reply furnished to the Committee stated under:

"During 1989 and 1990, number of complaints received at different airports is as follows:

Airport	Complaints received during the year	
	1989	1990
Bombay	35	24
Delhi	12	22
Calcutta	2	7
Madras	—	2
Trivandrum	4	3

These complaints related, *inter-alia*, to harassment in the form of demand for money, misbehaviour, pilferage/illegal detention of goods and extortion of foreign currency. In all the cases, the inquiries were conducted and wherever there was a *prima-facie* case, detailed investigations were made. Appropriate disciplinary action was taken wherever an officer was found guilty. Following steps are taken to protect passengers from harassment:

- (1) General instructions have been issued for ensuring courteous behaviour and speedy clearance.
- (2) Senior Officers of the rank of Assistant Collector of Customs are present at the time of clearance of passengers in the baggage all and even an Additional Collector is making frequent surprise checks from time to time. Collectors/Principal Collectors also make occasional surprise checks. Senior officers have been instructed to increase frequency of their visits especially when there is bunching of flights and several passengers have to be cleared.
- (3) Public grievance machinery and the vigilance set-up have been strengthened. The time taken to clear the passengers by the Customs staff is closely monitored.
- (4) Depending on the nature of the complaints, enquiries are conducted against erring officers and appropriate action taken against them."

F. Computerisation of Customs Operations

4.25 Computerisation of Customs operations was introduced with a view to providing speedy assessments, uniformity in assessments and better Customs duty collections.

At present, computerised systems are in operation in Sahar Air Cargo Complex, Madras Air Cargo Complex, Delhi Custom House and Calcutta Air Cargo Complex. The major Custom Houses, namely, Calcutta, Bombay, Madras and Cochin have also been computerised for import and export cargo.

These computer systems are utilised primarily to ensure faster disposal of Bills of Entry filed by importers in respect of cargo imports and exports

and avoid bottle-necks caused by manual processing of such Bills of Entry.

4.26 To ensure further improvement in speedy disposal of import documentation, a concept of Electronic Data Interchange has been approved by the Board. This would, *inter alia*, permit importers and Customs House Agents to key-in import data on cargo through their own terminals to the mainframe computer system installed in the Custom Houses. With such a step it would ensure that the importer is given a query facility by the assessing officer and Customs duty assessed speedily. To start with, a pilot project is being implemented in Bombay Custom House. Once this is successful, it would be progressively implemented at all major Custom Houses and Air Cargo Complexes. There is no additional expenditure component in this project of electronic Data Interchange. For the ongoing project of computerisation of Customs, an amount of Rs. 3.35 crores is made available for meeting system based recurring expenditure. This amount is provided for in the budget annually.

(i) *Model Customs House in Delhi*

4.27 In regard to Delhi Customs House as a model Customs House the Secretary, Department of Revenue during evidence informed as follows:

“We are trying to computerise our activities in the custom offices. We have taken Delhi Custom House to have a model customs house. We have taken the assistance of National Informatics Centre also for this purpose. Our objective is to have less and less paper transactions in the Delhi Custom House that is why we have appointed the National Informatics Centre. Many countries are having this facility. We want to accelerate the movement of the goods. If the airlines send the passengers passport No. as soon as the flight had taken off then it will not be difficult for the immigration authorities to clear the passenger fast. However that depends on the cooperation of the airlines”.

4.28 In a subsequent note dated the 24th February, 1995 the Ministry of Finance (Department of Revenue) has intimated that functioning of Electronic Data Interchange (EDI) services at new Custom Houses building near Indira Gandhi International Airport, New Delhi as follows:

“Building on the past experience of computerisation of Customs Operations, which began in 1987, a scheme for upgrading the Customs computerisation system with EDI applications has been drawn-up. A pilot project has been initiated at the New Custom House, Indira Gandhi International Airport, which was inaugurated by the hon'ble Finance Minister on 4th February, 1995. This will pave the way for an all India Customs clearance system based on EDI.

Under this system, importers, exporters, Custom House Agents

(CHAs) can transmit customs declaration electronically to the Custom House. Using a PC software package, bill of entry, shipping bills and other related documents, such as the invoice and packing list, can be transmitted over dial up links to NICNET EDI Server. NICNET, in turn, submits them to the Customs Host Computer System for Customs clearance. The bills of entry and shipping bills are automatically allotted to Customs Officers for appraisal on the terminals and subsequent examination and clearance of goods. The officers would review the documents for clearance of cargo with on-line aids provided to facilitate their work. For those who do not have access to computers, a service centre has been opened in the New Custom House for document submission. The new system envisages simplified duty collection and drawback payment procedure.

A similar scheme would be put into operation at other Customs ports and airports in a phased manner. This extension project is likely to be completed and made fully operational latest by end 1996."

(ii) *Need to instal sophisticated instruments*

4.29 Asked whether there was need to instal sophisticated instruments at International Airports for speedy clearance, the Secretary, Ministry of Finance (Deptt. of Revenue) during evidence informed:

"As far as the sophisticated instruments are concerned, there is always a very sympathetic attitude on the part of the Finance Ministry. Whenever we find that there is an imperative need for installing these equipments, I do not think there is any dearth of will on the part of the Department of Expenditure to sanction them. Of course, there is always the problem of resources. One has to balance the two.

The X-ray machines meant for packages which are sent out of India or inside, are slightly of the older type where the package has to be lifted and put into the X-ray machine. Sophisticated machine has been manufactured into which the package can be rolled in. Those machines will have to be imported into the country. Foreign exchange is involved. Either the Airlines or the International Airport Authority has to install them. The Airport authority is having very close look at the modern equipment.

The modern X-ray machine may costs about Rs. 30 lakhs. More sophisticated machines have emerged with colour X-ray. We require crores of rupees to purchase these machines. They can give a clear image of the metals. These are very highly advanced equipment and the amount of money that is spent will be phenomenal considering the present day availability of resources. Then maintenance will be a problem. We have to keep a balance

between the demand for sophisticated machinery the need for giving the public quick service and, at the same time, the availability of resources."

4.30 Regarding RDF, the special Secretary, Ministry of Home Affairs informed as follows:

"The best method to detect RDX is the sniffer dog and that is the only foolproof method of detecting whether the suit case contain explosive particularly RDF. Some countries claim that they have developed technology to detect RDF. One such demonstration was given by a Chairman of a firm recently in Delhi and all of us went for the demonstration with RDF in our pocket and the machine could not detect that we had RDF in our pocket. We are trying our best to encourage every agency to have more and more dogs and we are training the dogs in Madhya Pradesh."

4.31 The Chairman, CBEC in this connection added:

"Our Officers went to Japan and found that Japan is reported to have developed one machine which is able to detect even narcotics. But they were not forthcoming with full particulars. For the time being, we may have to depend upon our traditional method of developing intelligence and following the passengers and taking them and opening the baggage and introducing the sniffer dogs more and more rather than go in for costly equipment which may definitely give results in some cases, coupled with other factors."

Observations/Recommendations

4.32 The committee note that there is no uniform recruitment system for filling up of vacancies of various categories of staff for clearance of passengers and cargo at international airports. It varies from airport to airport. Vacancies at Sahar Airport are filled up by the Customs House under the Airpool System wherein 75% of the staff is panelled by a Selection Committee from the Customs House within whose jurisdiction the Airport is located and remaining 25% is drawn from the Central Excise Collectorates. At IGIA, Delhi posting of Group 'A' is made by CBEC. A panel of Air Customs Superintendents (ACS) and Air Customs Officers is proposed on the basis of certain specific criteria laid down by the Ministry/CBEC from time to time and names are released for a tenure of two years as and when the vacancies arise. At Trivandrum and Karipur airports, 75% are filled up from the parent Collectorate and the balance 25% from Customs House and other Central Excise Collectorates. The vacancies according to the Ministry at all the airports are filled up as and when they arise.

4.33 From the statement furnished by the Ministry of Finance (Deptt. of Revenue) showing the sanctioned strength and working strength as on

1.4.1992, the Committee observe that a significant number of vacancies of Superintendents and Customs Officers at the important airports like Sahar and IGIA have not been filled up in time. The Committee are also informed that the present strength of officers and staff at the international airports was fixed in 1986-87 and the question of provision of additional staff is under review. Sanction of additional staff on the basis of increased work load has also to pass through the laid down procedure which is also time consuming. In their reply, the Ministry have admitted that there have been considerable delays in the sanction of staff and that too, not in full strength, making the optimum functioning of the facilities rather difficult.

4.34 With greater liberalisation and more and more use of air media, there will be continuous growth both in passenger and cargo traffic in the future. The Government expect five million turist arrivals by the year 1997-98. It is, therefore, necessary that provision of additional staff should take place simultaneously for efficient clearance of passengers and cargo traffic. The Committee recommend that in order to obviate undue time lag in the process of sanction of staff and their placement. Government may revamp administrative procedure and lay down norms for fixation of posts on the basis of workload of clearance of passenger and cargo traffic at international airports and undertake review annually for requirement of additional staff on the basis of those norms.

4.35 The Committee also recommend that Government should review the existing system of recruitment for the filling up of vacancies of officers and staff with a view to making it uniform for all the airports,

4.36 The Committee note that the Custom Officers, namely, Additional/ Deputy Collectors, Assistant Collectors, Superintendents and Inspectors are given theoretical as well as practical training to get acquainted with the working of all sections of the Airpool before they are given job assignment at the Airports. Their training inter alia includes the Customs laws and procedures, especially, those related to clearing of passenger and cargo at the international airports. In-service courses are also organised from time to time on Anti-smuggling and Drug Law Enforcement. The Committee are informed that during the last three years, 28 courses were conducted for officers and staff posted at the international airports and more than 700 officers were imparted training on their job requirement. The Custom Officers who are required to man the counters at the airports during the training are impressed upon to be courteous and polite in treating the passengers.

4.37 The Committee are informed that surprise checks on the staff manning the customs clearance counters at the international airports are conducted by Deputy Collectors/Additional Collector in-Charge of the airport, collector and vigilance staff of the Collectorates and the Vigilance Directorates. A surprise visit by the officers of the Vigilance Directorates at Madras and Trivandrum Airports revealed irregularities involving

revenue implications and that officers have also been found indulging in malpractices at IGIA and Sahar Airport. The Chairman, CBEC, during evidence admitted that 'there is a degree of corruption in our international airports now' attributing reasons partly to enormous increase in traffic and partly because of the too strict baggage rules coupled with high rates of duties which was one time 345%

The Committee are informed that with the strengthening of supervisory level and reduction in duty rates, the situation would improve.

4.38 In order to improve the situation, the Committee recommend that:

- (i) The work of clearance of passengers at the international airports at Delhi and Sahar may be placed under the control of Deputy collectors of Customs;
- (ii) Surprise inspections/visits may be conducted by the senior officers of the rank of Additional Collectors/Collectors/Principal Collectors of Customs;
- (iii) Frequency of surprise checks/visits may be substantially increased; and
- (iv) Apart from strengthening Public Grievances Redressal machinery, focus should be on passengers satisfaction by treating with respect and dignity and offering prompt, helpful service.

4.39 The Committee are informed that a number of complaints have been received at the international airports in regard to harassment in the form of demand for money, pilferage, illegal detention of goods and extortion of foreign currency. The Committee recommend that such complaints being criminal in nature, should be investigated thoroughly. Wherever culpability is established, the erring officials should be severely punished. The Committee would like to be furnished with the statement of complaints received during the years 1993 and 1994 giving inter alia the date of complaint, cause of complaint, and level of disposal, follow-up action taken against the erring officials and the date when the complainants informed along with the reasons thereon.

4.40 The Committee note that computerisation of customs cargo operations facilitates cargo clearance in a short time span, ensures correct assessment of customs and other duties payable on cargo and also brings distinct improvement in the efficiency of assessing officers for enhanced air cargo traffic handling capabilities. The Committee appreciates that due thrust has been given to computerisation of customs operations in import/export and allied documentation. The Committee would like to be apprised of the extent of computerisation already done and remains to be done both in cargo operations and immigration clearance of passengers and

requirement and availability of modern machines/equipments for speedy detecting prohibited/banned import items at all the existing international airports as also at Ahmedabad and other airports where international flights have been introduced/are proposed to be introduced within a period of six months.

CHAPTER V

INFRASTRUCTURAL FACILITIES AND AMENITIES

A. Upgradation and Expansion of International Airports

5.1 To cater to the fast growing demand of passenger and cargo traffic at the five International Airports, namely, Bombay, Calcutta, Delhi, Madras and Trivandrum, the IAAI has formulated Eighth Five Year Plan proposals amounting to Rs. 731.00 crores. The proposals are under consideration of the Planning Commission and Government.

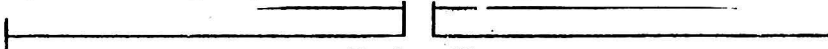
5.2 Explaining the position during evidence, the Secretary, Ministry of Civil Aviation and Tourism stated as under:

“At present we have under two million tourists arrivals a year. The expectation is that in consideration of the importance of tourism to the national economy this volume should increase substantially and a target of five million tourists is being thought of. There was a working paper on it. It is only an indicative target as of now. Really nobody can determine what will be the exact number that will come. We are trying to get ourselves geared to a larger handling capacity as far as foreign tourist arrivals are concerned.

Here you made a very important observation as to what kind of infrastructure we are having at the airports to handle such volumes of traffic. It is true that our infrastructure now is somewhat limited, but if you look at it in a perspective, what it used to be ten years ago, today we are much better off, though not as well as we would like to be. But I would like to assure the Committee that plans have been drawn up, financial allocations have been made, work in many cases has commenced and in many cases we are processing proposals and other formalities are being gone through to expand substantially the infrastructure at the airports. During the current five year plan, I will confine myself to the international airports because that is the main focus of attention now, investment of more than Rs. 700 crores is being made. Bombay, Delhi, Calcutta, Madras and Trivandrum Airports are being considerably expanded in terms of passenger handling, baggage handling and other ancillary facilities. In addition, our objective is to see that, to the extent possible, this traffic is diversified. 12 model airports are being developed which will remain basically domestic airports, but will be equipped to handle international passengers also so that we are able to handle these passengers at a much larger number of locations, particularly when it comes to tourist charter flights. Charter flights need not come through only

Delhi, Calcutta, Madras and Bombay or, for that matter, Trivandrum. They can go to Jaipur, Bhubaneswar, Bangalore, Hyderabad etc. These are specially being developed for handling tourist flights. We are quite hopeful that in about three years' time from now, the terminal capacity will be very substantially augmented. There will be no problem as far as handling of five million tourist arrivals is concerned."

5.3 In regard to handling operations and infrastructure facilities, the Ministry in a post evidence reply have informed that a task force has been formed by the Ministry of Commerce to study the infrastructural facilities required for Cargo Operations at Indian airports:



B. Amenities

5.4 According to the Ministry of Civil Aviation and Tourism, adequate basic amenities—air conditioning, snack-bar counter, toilets, trolleys for passengers/visitors are available at the five international airports being managed by IAAI.

5.5 Feed back from passengers is received not only from complaints/suggestion registers and boxes in the terminal area, but IAAI also carries out Airport Improvement Surveys from time to time for obtaining passenger reaction to facilities and amenities provided at International airports.

5.6 The response, views and opinions thus received are analysed and appropriate measures adopted to overcome any deficiency in the existing amenities/facilities. Last survey conducted by IAAI at all the international airports was in June/July, 1993. Based on the result of this survey, an Action Plan has been prepared for implementation in a phased manner to bring about perceptible improvement in identified areas. In phase-I of the Action Plan, following facilities have been taken up for monitoring for purposes of improvement:—

- (i) General cleanliness with special emphasis on toilets.
- (ii) Improvement in maintenance, availability and retrieval of free passenger baggage trolleys.
- (iii) Improvement in free limited portorage service.
- (iv) Improvement in frequency and quality of 'service' in regard to Free Inter-Terminal Shuttle Coach Service at Delhi.

5.7 Further, IAAI has also established a Quality Assurance Cell comprising senior IAAI Hqrs. officials from various disciplines who inspect the IAAI Airports at frequent intervals to assess the quality of various

passenger facilities and suggest measures of improvements. Implementation of these measures is monitored by Hqrs.

C. Agencies working at International Airports

5.8 In addition to Customs Department. The following agencies are also involved in the matter of clearance of incoming passengers:—

- (1) Airlines
- (2) Health
- (3) International Airports Authority of India
- (4) Immigration
- (5) State Bank of India
- (6) Plant Quaranting

The following agencies are involved in the matter of clearance of outgoing passengers:—

- (1) Airlines
- (2) State Bank of India/Money Exchange
- (3) Immigration
- (4) International Airports Authority of India
- (5) Security/Anti-Hijacking

The functions and role of the different agencies are furnished below:—

(1) Airlines—Immediately on arrival of the flight the airlines provide gungway, baggage trolleys, passenger coach, etc. for the incoming passengers.

They also provide check-in counter for issue of boarding pass and accept check baggage for the outgoing passengers.

(2) Health—Immediately on arrival of flight the Health Department makes arrangement for fumigation.

(3) International Airports Authority of India—They arrange for running of conveyor belts, provide free hand trolley, wheel chairs for the sick passengers, makes announcement for passenger reporting, facilitated passengers in respect of sitting accommodation.

(4) Immigration/Emigration—Scrutinise Visa in the passport of the passengers, check suspect lists of the passengers before allowing them to enter into the country/or going out of the country.

(5) State Bank of India—They accept duty money on behalf of Customs from the arriving passengers and accept foreign travel tax from the outgoing passengers.

(6) Plant Quarantine—Whenever any plant or seed are imported by the passengers clearance of the same goods is allowed after obtaining no objection certificate from them.

(7) Security/Anti-Hijacking—Passengers are allowed to leave India after being checked through security enclosure.

(i) *Coordination among Agencies*

5.9 The Ministry have stated that there are various agencies working at the airport, such as customs/immigration officers, police, International Airports Authority of India, etc. However, it is not true that these agencies are operating at cross purposes. Each agency has a specific job assigned to it. These agencies are not under one command as, for example, Customs are under the Ministry of Finance, Police under Ministry of Home Affairs, International Airports Authority of India under the Ministry of Civil Aviation, etc. This fact, however, does not come in the way of passenger facilitation since there is close coordination amongst all these agencies.

(ii) *System of Coordination at Airports*

5.10 Asked whether it is worthwhile to consider the setting up National Aviation Board incharge of Airport services with specially trained staff from custom, police and health, the Secretary, Ministry of Civil Aviation and Tourism during evidence clarified as follows:—

“As far as coordinated functioning of airport services is concerned, there can be no difference of opinion on the need to ensure it. But, it is not sure whether any Board of this type can really discharge the functions of different statutory authorities. In fact, that is one of the areas which has been under consideration for a long time, not necessarily in the form in which it has been put right now.

As I mentioned a little while ago, there are three main agencies i.e., customs, immigration and security apart from airlines and airport authorities. These agencies should work in unison and we have a whole gamut of world experience. Every country has got International Airports. There are countries which have much larger traffic volume and cargo volumes to handle.

We are not aware of it is not known whether any such country where a single authority exercises all these functions. Perhaps, it will be unworkable. My view, responding instantaneously to the queries that have been made, is that it is also not very necessary; each agency has its defined role and functions. All that needs to be done is that there should be a coordinating umbrella. One should not shift responsibility to another and make passengers or importers to run from pillar to post. This is what is called in other parlance as single window system of handling grievances or problems or authorisations.”

5.11 Realising the need for better coordination among all the agencies working at the international airports, the Secretary of the Ministry of Civil Aviation and Tourism submitted:—

“We have a system of coordination at the Airport level which I

must submit has not been very effective yet. In fact we will be taking the initiative from the Aviation side to have a core group of these vital functions that are being discharged by different agencies, for greater coordinated functioning of these organisations, without, at the same time trying to treat on anybody's toes or taking over any functions or Centralising the functions in one authority. I think, if we are able to achieve that such, it will not be necessary to have a monolithic type of organisation which may not be the best way of answering a problem."

5.12 The Committee note that at present there are two million tourist arrivals per annum in the country. In consideration of importance of tourism to the national economy this volume is expected to increase substantially and the Government aims at attracting a target of five million tourists to the country by 1997-98. The Committee are informed that the Government is trying to get itself geared to a larger handling capacity as far as foreign tourist arrivals are concerned. Plans have been drawn up, financial allocations have been made, work in many cases has commenced and other proposals are being processed and formalities are being gone through to expand substantially the infrastructure at Bombay, Delhi, Calcutta, Madras and Trivandrum Airports in terms of passenger baggage handling and other ancillary facilities with an investment of more than Rs. 700 crores during the current Five Year Plan. 12 model airports are being developed to diversify the traffic which will remain basically domestic airports but will be equipped to handle international passengers also. The Committee appreciate the timely steps initiated by Government for development of requisite infrastructure at the airports to handle the targetted tourist arrivals. The Committee also desire that the Ministry of Civil Aviation and Tourism (Department of Tourism) would maintain close coordination with other agencies of the Government *i.e.*, Customs Department and Ministry of Home Affairs for periodic review of requirements and timely provision of requisite facilities and services necessary for efficient clearance of international passengers and their baggage at par with international standard at all international airports.

5.13 The Committee note that a number of agencies—Customs, immigration, police, security, IAAI are working at the international airports. Each functionary under the administrative control of its respective Ministry has its defined role and functions. The Committee expect that all these agencies would work in unison and maintain better coordination even when there is considerable bunching of flights.

5.14 The Draft Report was sent to Ministry of Finance/Home Affairs on 30th March, 1995 for factual verification with the request that the Report might be returned by 5th April, 1995. It is regretted that though the Ministry of Finance returned a part of the Report after factual verification on 5th April, 1995, they took a fortnight more to send the balance of the

Report which was returned only on 20th April, 1995. The Ministry of Home Affairs also delayed the return of the Report which was sent on 18th April, 1995. The Committee are concern to note that Ministry of Finance have suggested substantial changes belatedly in the Draft Report on the basis of amendments effected in the relevant statute and rules framed under it. Although the Ministry of Finance were aware that this subject was under the examination of Estimates Committee, they had not considered it necessary to intimate to the Committee about the subsequent changes/amendments brought about in the relevant statutes and rules made some time in March, 1994, even though such changes had a vital bearing on various aspects of the matter under consideration of the Committee. These changes/amendments carried out in the relevant statute and rule were brought to the notice of the Committee, by the Ministry of Finance (Deptt. of Revenue) only when the Draft Report was sent to the Ministry of Finance for factual verification. Had the Ministry shown a greater promptitude and brought to the notice of the Committee the subsequent amendments/changes in time, such a situation could have been avoided. The Committee expects that the Ministry will be more careful and vigilant in such matters in future and communicate well in time the changes/modifications in the information already furnished on the subjects under examination of the Estimates Committee.

NEW DELHI;
April 21, 1995

Vuisakha 2, 1917 (s)

DR. KRUPASINDHU BHOI,
Chairman,
Estimates Committee.

APPENDIX

Statement of Recommendations/Observations

Sl. No.	Para No.	Recommendation/Observation
1	2	3
1.	1.15	The Committee note that detailed specific provisions for customs clearance of passengers and air cargo which were not in the Sea Customs Act, 1878 were initially introduced in the Customs Act, 1962 with the main objectives of ensuring that air passengers are cleared expeditiously and smoothly, that the customs revenue is protected and that import/export prohibitions are not violated in the above process. While doing so requirements of articles of personal and household use are taken into account in view of the scientific and technological changes.
2.	1.16	The Customs Act, 1962, also provides for levy of customs duty on goods imported and goods exported. The Customs Tariff Act, 1975, specifies the statutory rates of duties leviable on the imported goods and the exported goods. The statutory rates of additional duty (commonly known as the countervailing duty) have been specified in the Central Excise Tariff Act, 1985.
3.	1.17	The Committee are informed that a number of amendments have been made in the Customs Act, 1962 for various reasons which include, <i>inter-alia</i>, need to plug loopholes and lacunae in the statute, need for simplification and streamlining of law and procedures for smooth and fast clearance of goods and passengers and need to harmonise the statute in line with any international agreements to which India is a signatory, etc. The Customs Tariff Act, 1975 and the Central Excise Tariff Act, 1985 are normally amended each year as a part of the Annual Budgetary exercise.

1	2	3
4.	1.18	The Committee note that under the Customs Act, 1962 which repealed the Sea Customs Act of 1878, the major new provisions, for clearance of passengers and their baggage, incorporated therein (i) declaration to be made byowner of the baggage; (ii) date on which declaration is made to be the relevant date for rate of duty and tariff valuation applicable on baggage; (iii) provision of duty free clearance of new articles; and (iv) introduction of facility for temporary detention of baggage for purpose of being returned to the passenger on his leaving India, and to enable the passenger to arrange the amount of duty payable by him and documents required from different agencies for clearance of goods carried by him at the time of arrival and before customs clearance.
5.	1.19	Under section 79 of the Customs Act, 1962, the Committee note that the Central Government have framed the following rules:— (i) The Baggage Rules, 1978 applicable to incoming passengers other than the tourists; (ii) The Tourist Baggage Rules, 1978 for clearance of passengers and their baggage arriving in India as 'tourist'. (iii) The Transfer of Residence Rules, 1978 for clearance of baggage of passengers transferring their residence from foreign country to India. (iv) Gold and Silver Import Schemes permitting passenger of India origin to import gold on payment of customs duty at Rs. 22/- per gm. and silver on payment of customs duty at Rs. 50/- per 100 gms. in foreign exchange.
6.	1.20	The Ministry have informed the Committee that for incoming passengers, including NRIS, the duty free allowances have been enhanced and value limits for bringing specified consumer durables under Transfer of Residence and Rule 4(A) of the Baggage Rules have been raised. For passengers availing of transfer for residence, relaxations have been provided to condone shortfall of stay in India. Tourist Baggage Rules have been updated to allow temporary import of items like Video Camera, Compact Disc player, laptop computer, etc.

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7.	1.21	The Committee further note that the Baggage Rules, 1978 specify the general duty free allowance in relation to new articles. Used personal effects and a wrist-watch not exceeding Rs. 500/- in value could be cleared free of duty. Major amendments have been made a number of times in respect of the value limit of general duty free allowance. The Committee expect that value limit of general duty free allowance, which at present has been raised from Rs. 4000/- to Rs. 6000/- in the Budget 1995-96 would continue to be amended for upward revision well in time after taking into consideration relevant factors.
8.	1.22	The Committee feel that the present monetary ceiling of Rs. 500/- for clearing free of duty, used personal effects and wrist watch, keeping in view improved standards of Indians living/working abroad, is grossly inadequate. In order to give just and fair treatment to Indians returning abroad and that too in the liberalised economic scenario there does not seem any justification that their used personal effects may be subjected to customs levies. The Committee, however, recommend that the value limit for clearance free of duty of used personal effects should be raised to the level of general duty free allowance.
9.	1.23	The Committee are informed that Government proposes to review the Baggage Rules permitting the travellers to bring note-book computers and other essential items so that harrassment to general passengers could be eliminated. The Committee expect expeditious review in the matter.
10.	1.24	The Committee note that goods are detained temporarily at the request of passengers either for payment of duty or pending re-export or production of documents, etc. and that the time-limit within which the passenger is required to clear the goods, varying between 15 to 60 days at the discretion of Customs authorities, is given in the detention receipt. The Committee desire that uniform time-limits for clearance of temporarily detained goods may be prescribed for each type of goods i.e. goods detained

1	2	3
		for payment of duty or-pending re-export or production of documents in the light of past experience.
11.	1.25	The Committee further note that if the passenger does not come up for clearance of goods within the time limit given in the detention receipt action is initiated by the Customs authorities for disposal of goods after confiscation. The Committee feel that, as per requirement of natural justice, the Government after deducting customs duty etc. from revenue obtained on disposal of the confiscated goods, should refund the balance amount to the owner/passenger.
12.	2.34	The Committee note from the replies furnished by the Ministry of Home Affairs that work load of immigration clearance on the four major international airports has increased manifold because of increased threat Perceptions, terrorist activities, increased travel and visits of VVIPs. As such if additional strength, over and above the existing strength, could be provided, additional counters could be operated which may result in reduction in the average time taken for immigration clearance of per passenger as well as clearance of entire flight. The staff recommended by the Staff Inspection Unit is less than the existing staff at Delhi, Calcutta and Madras except for Bombay where it has been increased marginally.
13.	2.35	According to the Ministry of Home Affairs the existing number of counters are also not adequate. The problem gets aggravated during the peak hours when there is bunching of flights, when flights arrive at short intervals and there is always a spill over of passengers from one flight to another. Four more counters for immigration clearance are to be required each at Indira Gandhi International Airport and at Madras airport to clear the rush of peak hours. 1.5 minutes for clearance per passenger and 45 minutes for clearance of entire flights as recommended by the Staff Inspection Unit may be justifiable purely from the point of view of immigration but the security perceptions cannot be ignored. Therefore, the norm of 1.5 minutes per passenger is not practicable with

1	2	3
		the existing staff strength. Even the maximum waiting time of 45 minutes for the last passenger is high as compared to the international standard. The Ministry of Home Affairs have also pointed out that in case the recommendations of Staff Inspection Unit on staff requirements are implemented, the clearance time may increase to 4 minutes or so.
14.	2.36	The Committee are informed that a study was conducted by the Staff Inspection Unit (SIU) of the Ministry of Finance in 1988 on the staff requirement for immigration clearance at the four International Airports. The staff pattern recommended by staff Inspection Unit and the staff strength proposed by Ministry of Home Affairs in consultation with various agencies have been a bone of contention between the Ministry of Finance and the Ministry of Home Affairs. The Ministry of Home Affairs had to take a series of meetings with the Ministry of Finance to explain their requirements. The Ministry of Home Affairs also had to approach the Committee of Secretaries for acceptance of their proposed staff strength.
15.	2.37	For immigration clearance of a passenger according to the Ministry of Home Affairs it takes 2½ to 3 minutes if a number of checks are required to be properly performed. Work load of the officers at the immigration counters has also increased manifold on account of security perception and increased travel on account of opening up of economy and liberalisation policy of the Government. Also it is the high expectations of the international travellers that average time taken for immigration clearance per passenger at the Indian airports should compare to the international standard. According to the Ministry of Home Affairs the immigration clearance of passengers and the entire flight at international airports in India within the average time at par with international standard may be achieved with provision of additional staff for operation of additional counters to clear the rush due to bunching of flights.

* The Ministry of Home Affairs vide their communication dated 18.4.95 has informed that SIU agreed to conduct fresh study of staff strength at the four major international Airports. SIU has submitted their Reports and their recommendations have been accepted by the Ministry.

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16.	2.38	The Committee desire that the Ministry of Finance may be more considerate in acceptance of staff requirements for immigration clearance including additional staff for passengers and the entire flight at par with international standard. This will create the first impression on the foreigners about India being modern and progressive and also will go a long way in improving the country's image abroad.
17.	2.39	The Committee are happy to note that Government has taken a number of steps to streamline the immigration procedure for faster clearance of passengers. 'State-of-the art' technology of computers like the one already installed at Delhi are proposed to be installed at the three other major international airports at Bombay, Calcutta and Madras. Software has also been developed to identify the correct spelling of the names of the passengers. Now a separate service is being constituted by drawing people from various disciplines and equipping them with specialised training. If a person is genuine it does not take more than 1.5 minutes for clearance. If there is a problem which is indicated by the computer such a passenger is segregated.
18.	2.40	The Committee desire that such other measures as may be considered necessary for efficiency and dynamism this important work of immigration clearance of the level of international standard deserves may be initiated well in time.
	2.41	The Committee also desire that installation of computers in Bombay and other international airports and proposed constitution of separate specialised service for immigration clearance at the international airports may be completed with due promptitude.
19.	2.42	The Committee note that the passengers are required to give-declaration of their goods contained in their baggage. Under the current procedure this declaration is oral. A passenger taking Green Channel is deemed to have declared that he does not have any dutiable articles and prohibited goods. Baggage is cleared generally on the basis of oral

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		declaration made by the passenger. Where the Customs officer has any doubt and also on a surprise basis, some passengers opting for the 'Green Channel' are asked to open the baggage for varification whether they are entitled to clearance without any customs duty, etc. Some of the 'green channel' passengers based on watch over their behaviour and the size of their baggage, on random checks are asked to go and report to 'red channel' According to the Secretary, Department of Revenue, 'it is also true that sometimes innocent passengers are also made to open their baggage.'
20.	2.43	Passengers at the 'Red Channel' where goods in their baggage are leviable to duty, are given clearance on the basis of their declaration as to the contents of their baggage. However, in some cases the Customs Officer asks the passengers to open their baggage for thorough checking. On the basis of declaration and examination, the duty assessed and penalty levied is collected on the spot. The passengers who fail to deposit duty/penalty have the facility of temporary detention of their goods for claiming them subsequently after deposit of duty/penalty. At the red channel counter office, 15 minutes per pessenger is the outer limit for clearance. If some passengers are already waiting there, then it will take about 45 minutes.
21.	2.44	The Committee are informed that in Madras and in other minor international airports there has been delay in clearance of baggage though only on exceptional grounds. Where any passenger bring computer and other costly gadgets, for which the value is not readily available the goods are detained for valuation or otherwise on the following day in consultation with the expert or for order from the Senior Officer. The Committee cannot find any justification for hold up of clearance of baggage in such cases which necessarily require detention of the passenger also. The Committee would like the Government to ensure that there should be no hold up of clearance of baggage to the following day for

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		want of senior officer/appraiser and that the baggage is cleared on the same day.
22.	2.45	Under the existing procedure an outgoing passenger what has been issued a Tourist Baggage Re-export (TBRE) at the time of his arrival has to produce the goods mentioned in TBRE before the proper officer and take the same out of India along with his baggage. However, tourists do report loss or theft of their items at the time of departure. In case of foreign tourist normally re-export of these items is waived by the proper officer provided it is supported by evidence like police complaint, etc. When such evidence is not produced by the tourist, an attempt is made to recover the duty. In case of tourists of Indian origin, the duty amount leviable on such items is invariably collected. The Committee feel that discrimination against passengers who happen to be of Indian origin is not justified nor it should be made. There should be no discrimination between one set of travellers and another set. The law should equally made applicable to all travellers irrespective of their nationality or origin.*
23.	2.46	The Committee are also informed that the Customs authorities are using modern equipment where instead of trying to open the baggage and see whether it contains gold or not, X-Ray equipments are for screening which enable the Customs officials to spot out that a particular baggage is suspicious. Further since 1970, they have introduce a system of Air Customs Pool where specially chosen officers on basis of their speed, alertness and service record, take care, during clearance of passengers, of their own restrictions, violation of import restrictions and also of narcotic smuggling. All these arrangements help clear the passengers very fast. Only in cases where there the passenger misdeclare the goods and is intercepted at the exit gate and on verification found to be smuggling out the contraband, the cases are detained for further investigation and follow up.

* The Ministry of Finance vide their communication dated 5.4.1995 has informed that TBRE procedure has been scrapped.

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24.	2.47	Customs duties are important source of revenue to the Government and revenue interest of the Government ought to be fully protected. At the same time the Committee desire that customs officials undertake check asking passengers to open their baggage for thorough examination in case of sufficient suspicion only not random/surprise checks in routine manner in order to ensure that no harassment is caused to the innocent passengers. Surprise/random checks wherever considered necessary should be undertaken on limited occasions and that too under the instructions and supervision of the Collector of Customs incharge at the Airport. The Committee would like to be apprised of the instructions issued by the Government in this regard, and details of the follow up action by the customs authorities at the Airports in their action taken report.
25.	2.48	Under the provisions of the Customs Act, 1962, the passenger is required to make a declaration regarding contents of the goods contained in his accompanied baggage in Baggage Declaration Form. Under the current procedure, this Declaration is oral. The work of checking of baggages for clearance is done by Air Customs Officers under the direct supervision of Superintendent of Customs who is the Gazetted Officer of the Government. Though under the current procedure there exists adequate excuse for pilferage of goods/missing of items in respect of non-declared items in the declaration at the time of checking of baggage for clearance, the Committee are satisfied to learn that the number of complaints of pilferages made had been insignificant in the past.
26.	2.49	The Ministry has admitted that there have been complaints regarding pilferage of items/goods at the time of checking of baggage for clearance. The Committee are informed that in the four cases of pilferage/missing items reported during last three years, in three cases it was found that either the passengers had not declared the items in their oral declaration or the matter was reported long after leaving the airport. These

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		cases due to lack of evidence were closed. The fourth case is under action at present. In the four cases made by the passengers during the last three years, the complaints of pilferage/missing of goods have been made in respect of items not declared in their oral declaration. However, no details of the items and the amount involved therein have been furnished in these cases.
27.	2.50	The Committee cannot appreciate the closure of these cases in the absence of any force of evidence in support of the allegations made by the passengers and that in the absence of evidence these complaints of pilferages of non-declared items are false or without substance. Complaints of pilferages and that too against the Customs Officers at the international airports apart from causing loss to Government revenue and being criminal in nature, bring disrepute to the country and need to be viewed seriously requiring thorough investigation. The Committee desire that detailed enquiry giving complaints opportunity of hearing and collecting possible evidence, should be conducted and a report on these cases furnished to them within a period of six months.
28.	2.51	The Committee also recommend that in all these complaints of pilferages the passengers should be compensated for the loss of non-declared items during the checking of the baggage for clearance, and that the Air Customs Officers and Superintendents of Customs in-charge during checking of the baggage for clearance in the instant cases should be immediately shifted and debarred from duty of baggage clearance at the international airports. The Committee would like to be apprised of the action taken by Government on the recommendations including compensation to these passengers.
29.	3.33	The Committee note that the Central Board of Excise and Customs being the regulating agency for enforcement of the provisions of the Customs Act, 1962, plays a pivotal role in economic development of the country through substantial revenue contribution to the national exchequer. While enforcement functions of the Customs Department for

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		collection of revenue and checking drug trafficking and smuggling are very important, facilitation of both in the field of trade and passenger clearance in the modern day world has also assumed greater importance.
		<i>Cargo Clearance</i>
30.	3.34	The Committee note that pursuant to liberalised economic, industrial and trade policies of Government, a number of measures have been undertaken by the Ministry of Finance (Department of Revenue) during the last two-three years for simplification of Customs procedures consequently providing facilities to trade and industry. Most of the recommendations made by M/s. RITES appointed to examine the procedures for simplification of export and import cargo, have also been implemented. Major reforms introduced in the Customs procedures for faster clearance of cargo include <i>inter alia</i> Self Assessment of Import Documents, introduction of 'Green Channel' for clearance of certain cargo without examination for importers with proven identity and unblemished record, relaxation of norms for examination of cargo at the point of export, reduction in number of stages for processing of export documents, greater delegation of powers of assessment, random and intelligence based checks, etc.
31.	3.35	The physical examination of import cargo not only disrupts the production schedules and affect adherence to delivery but also results in overall erosion of exporter credibility in the world market. The Committee desire that two major simplification schemes of Self Assessment of Import Documents and 'Green Channel' for clearance of cargo which is at present available to importers of proven identity and unblemished record may also be extended in a phased programme to other regular exporters and for import cargo for export production.
32.	3.36	The Committee note that so as to reduce delays in the clearance of import documents, a reform has been introduced in the import procedure. Now each Bill of Entry is required to have a watch sheet at the top giving time and date of receipt and disposal of the Bill of Entry at each stage of movement between the assessing officers. The Committee, however, desire

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33.	3.37	that an overall specific time limit also be stipulated for clearance of import cargo in order to ensure expeditious clearance as also to make availability of space for safe and sheltered storage of imported goods and to avoid payment of demurrage charges. As reported in a write-up by the Directorate of Publicity and Public Relations, Customs and Central Excise, New Delhi on the occasion of the International Customs Day on 26th January, 1995 a Symposium on Trade Efficiency was held in Columbus, Ohio, USA in October, 1994. At the Symposium, simplification of Customs laws and procedures was considered in detail. The thrust of the suggestions made was in the following spheres of Customs operations. (a) Reveiw of existing procedures and streamlining/eliminating of those that are inefficient or redundant. (b) Application of selectivity in goods release by the use of risk analysis techniques. (c) Release goods on minimum information with detailed assessment and checking through post-audit. (d) Use of automation and computers to speed up clearances. (e) Investing responsibility of all government interventions with one agency i.e. Customs or proper coordination of the work of all concerned agencies. (f) Timely dissemination of information on Customs formalities and requirements to trading community.
34.	3.38	As reported in the Statesman dated 11 February 1995, a delegation of Japanese companies visiting India for investment studies observed that they were keen on investing in India but there were certain barriers which slow down business decisions and improvement in India's image in order to attract investment from Japan. According to them apart from high import duties which make finished products, non-competitive, things like getting 'letter of credit' and 'customs clearance' can take upto a month each and as a result plants can't produce efficiently and economically.

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35.	3.39	It is indeed a sad paradox that while the Ministry of Finance is acting as the nodal Ministry in the Government of India in recommending and ushering reforms in the various statutes, legislations, rules and administrative procedures under the various Ministries and Departments of the Government in the globalised economic scenario. Surprisingly, it has failed to take necessary steps to simplify the archaic customs laws and revamp administrative procedures in order to articulate its goals, objectives and strategies towards removal of invisible barriers to get the benefits of trade and investment flows in the emerging world economic scenario.
36.	3.40	The Committee are informed that major problem in the expeditious clearance of goods is the assessment system which is basically complicated and made further complicated by various types of exemption notifications issued from time to time. There are a variety of rules and customs duties. Verification of these aspects require some time. As admitted by the Chairman, CBEC during evidence, there have been cases of delay where due to the absence of documents or where the officer did not understand the case properly raised queries which would have been otherwise avoided. Further divergent interpretation of rules by the Ministry of Commerce who formulate the Import Export Policy and the Customs Department who levy Customs duties on imports in the light of various notifications, perpetuates the problem.
37.	3.41	The burden on the air cargo service is likely to increase manifold not only with the rise in India's trade but also with the rise in use of air as the media of transport. And, therefore, unless the system is overhauled the Customs authorities will not cope up with the timely clearance of import and export cargo. The Committee, therefore, feel that there is need not only for further simplification of Customs laws and Procedures but also rationalisation of Customs tariff structure to facilitate speedy clearance of cargo in the wake of anticipated increase in India's international trade after opening up of the economy in the global context. This would also lead to faster movement of goods and make India's export more cost effective.

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38.	3.42	The Committee recommend that Government should initiate specific steps on the reforms suggested in the symposium on Trade Efficiency regarding simplification of Customs laws and procedures in the spheres of Customs operations which are very much relevant to the system prevalent in India. The Committee recommend that with a view to rationalising the Customs tariff structure, and reforms for simplification in Customs laws and procedures a Working Group consisting of <i>inter-alia</i> representatives of the Ministries of Finance and Commerce, trade and industry and other experts in the field for making an in-depth study and appropriate recommendations in a given time-frame may be setup. The Committee would like to be apprised of the implementation of their recommendations in their action taken report within a period of six months.
39.	3.43	The Committee also desire to be apprised of: (i) acceptance and implementation of recommendations contained in Rekhi Committee Report; and (ii) (a) permitting filing of the Bill of Entry before the filing of the manifest; (b) facility to importers to have insurance survey even without filing of document; and (c) processing of refund claims on the basis of triplicate copy of the Bill of Entry as promised during evidence.
40.	4.32	The Committee note that there is no uniform recruitment system for filling up of vacancies of various categories of staff for clearance of passengers and cargo at international airports. It varies from airport to airport. Vacancies at Sahar Airport are filled up by the Customs House under the Airpool System wherein 75% of the staff is panelled by a Selection Committee from the Customs House within whose jurisdiction the Airport is located and remaining 25% is drawn from the Central Excise Collectorates. At IGIA, Delhi posting of Group 'A' is made by CBEC. A panel of Air Customs

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		Superintendents (ACS) and Air Customs Officers is proposed on the basis of certain specific criteria laid down by the Ministry/CBEC from time to time and names are released for a tenure of two years as and when the vacancies arise. At Trivandrum and Karipur airports, 75% are filled up from the parent Collectorate and the balance 25% from Customs House and other Central Excise Collectorates. The vacancies according to the Ministry at all the airports are filled up as and when they arise.
41.	4.33	From the statement furnished by the Ministry of Finance (Dep'tt. of Revenue) showing the sanctioned strength and working strength as on 1.4.1992, the Committee observe that a significant number of vacancies of Superintendents and Customs Officers at the important airports like Sahar and IGIA have not been filled up in time. The Committee are also informed that the present strength of officers and staff at the international airports was fixed in 1986-87 and the question of provision of additional staff is under review. Sanction of additional staff on the basis of increased work load has also to pass through the laid down procedure which is also time consuming. In their reply, the Ministry have admitted that there have been considerable delays in the sanction of staff and that too, not in full strength, making the optimum functioning of the facilities rather difficult.
42.	4.34	With greater liberalisation and more and more use of air media, there will be continuous growth both in passenger and cargo traffic in the future. The Government expect five million tourist arrivals by the year 1997-98. It is, therefore, necessary that provision of additional staff should take place simultaneously for efficient clearance of passengers and cargo traffic. The Committee recommend that in order to obviate undue time lag in the process of sanction of staff and their placement. Government may revamp administrative procedure and lay down norms for fixation of posts on the basis of workload of clearance of passenger and cargo traffic at international airports

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		and undertake review annually for requirement of additional staff on the basis of those norms.
43.	4.35	The Committee also recommend that Government should review the existing system of recruitment for filling up of vacancies of officers and staff with a view to making it uniform for all the airports.
44.	4.36	The Committee note that the Custom Officers, namely, Additional/Deputy Collectors, Assistant Collectors, Superintendents and Inspectors are given theoretical as well as practical training to get acquainted with the working of all sections of the Airpool before they are given job assignment at the Airports. Their training <i>inter-alia</i> includes the Customs laws and procedures, especially, those related to clearing of passenger and cargo at the international airports. In-service courses are also organised from time to time on Anti-smuggling and Drug Law Enforcement. The Committee are informed that during the last three years, 28 courses were conducted for officers and staff posted at the international airports and more than 700 officers were imparted training on their job requirement. The Custom Officers who are required to man the counters at the airports during the training are impressed upon to be courteous and polite in treating the passengers.
45.	4.37	The Committee are informed that surprise checks on the staff manning the customs clearance counters at the international airports are conducted by Deputy Collectors/Additional Collector in-Charge of the airport, collector and vigilance staff of the Collectomates and the Vigilance Directorates. A surprise visit by the officers of the Vigilance Directorates at Madras and Trivandrum Airports revealed irregularities involving revenue implications and that officers have also been found indulging in malpractices at IGIA and Sahar Airport. The Chairman, CBEC, during evidence admitted that 'there is a degree of corruption in our international airports now' attributing reasons partly to enormous increase in traffic and partly because of the too strict baggage rules coupled with high rates of duties which was one time 345%

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46.	4.38	The Committee are informed that with the strengthening of supervisory level and reduction in duty rates, the situation would improve. In order to improve the situation, the Committee recommend that: (i) The work of clearance of passengers at the international airports at Delhi and Sahar may be placed under the control of Deputy collectors of Customs; (ii) Surprise inspections/visits may be conducted by the senior officers of the rank of Additional Collectors/Collectors/Principal Collectors of Customs; (iii) frequency of surprise checks/visits may be substantially increased; and (iv) apart from strengthening Public Grievances Redressal machinery, focus should be on passengers satisfaction by treating them with respect and dignity and offering prompt, helpful service.
47.	4.39	The Committee are informed that a number of complaints have been received at the international airports in regard to harrassment in the form of demand for money, pilferage, illegal detention of goods and extortion of foreign currency. The Committee recommend that such complaints being criminal in nature, should be investigated thoroughly. Wherever culpability is established, the erring officials should be severely punished. The Committee would like to be furnished with the statement of complaints received during the years 1993 and 1994 giving <i>inter alia</i> the date of complaint, cause of complaint, and level of disposal, follow-up action taken against the erring officials and the date when the complainants informed along with the reasons thereon.
48	4.40	The Committee note that computerisation of customs cargo operations facilitates cargo clearance in a short time span, ensures correct assessment of customs and other duties payable on cargo and also brings distinct improvement in the efficiency of assessing officers for enhanced air cargo traffic handling capabilities. The Committee appreciate that due thrust has been given to computerisation of customs operations in import/export and allied

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		documentation. The Committee would like to be apprised of the extent of computerisation already done and remains to be done both in cargo operations and immigration clearance of passengers and requirement and availability of modern machines/equipments for speedy detecting prohibited/banned import items at all the existing international airports as also at Ahmedabad and other airports where international flights have been introduced/are proposed to be introduced within a period of six months.
49	5.12	The Committee note that at present there are two million tourist arrivals per annum in the country. In consideration of importance of tourism to the national economy this volume is expected to increase substantially and the Government aims at attracting a target of five million tourists to the country by 1997-98. The Committee are informed that the Government is trying to get itself geared to a larger handling capacity as far as foreign tourist arrivals are concerned. Plans have been drawn up, financial allocations have been made, work in many cases has commenced and other proposals are being processed and formalities are being gone through to expand substantially the infrastructure at Bombay, Delhi, Calcutta, Madras and Trivandrum Airports in terms of passenger baggage handling and other ancillary facilities with an investment of more than Rs. 700 crores during the current Five Year Plan. 12 model airports are being developed to diversify the traffic which will remain basically domestic airports but will be equipped to handle international passengers also. The Committee appreciate the timely steps initiated by Government for development of requisite infrastructure at the airports to handle the targeted tourist arrivals. The Committee also desire that the Ministry of Civil Aviation and Tourism (Department of Tourism) would maintain close coordination with other agencies of the Government i.e., Customs Department and Ministry of Home Affairs for periodic review of requirements and timely provision of requisite facilities and services necessary for efficient clearance of international passengers and their baggage at par with international standard at all international airports.

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50.	5.13	The Committee note that a number of agencies Customs, immigration, police security, IAAI are working at the international airports. Each functionary under the administrative control of its respective Ministry has its defined role and functions. The Committee expect that all these agencies would work in unison and maintain better coordination even when there is considerable bunching of flights.
51.	5.14	The Draft Report was sent to Ministry of Finance/ Home Affairs on 30th March, 1995 for factual verification with the request that the Report might be returned by 5th April, 1995. It is regretted that though the Ministry of Finance returned a part of the Report after factual verification on 5th April, 1995, they took a fortnight more to send the balance of the Report which was returned only on 20th April, 1995. The Ministry of Home Affairs also delayed the return of the Report which was sent on 18th April, 1995. The Committee are concern to note that Ministry of Finance have suggested substantial changes belatedly in the Draft Report on the basis of amendments effected in the relevant statute and rules framed under it. Although the Ministry of Finance were aware that this subject was under the examination of Estimates Committee, they had not considered it necessary to intimate to the Committee about the subsequent changes/amendments brought about in the relevant statutes and rules made some time in March, 1994, even though such changes had a vital bearing on various aspects of the matter under consideration of the Committee. These changes/ amendments carried out in the relevant statute and rule were brought to the notice of the Committee, by the Ministry of Finance (Deptt. of Revenue) only when the Draft Report was sent to the Ministry of Finance for factual verification. Had the Ministry shown a greater promptitude and brought to the notice of the Committee the subsequent amendments/changes in time, such a situation could have been avoided. The Committee expects that the Ministry will be more careful and vigilant in such matters in future and communicate well in time the changes/modifications in the information already furnished on the subjects under examination of the Estimates Committee.

