CHAPTER 5

EXPORT PROMOTION

1. Introduction

1.1 Export is of paramount importance and at any point of time we have had more than one scheme to facilitate and encourage exports. As a result, exports have gone up but the pace has not been satisfactory. Moreover, the critical test of a scheme is whether it has led to genuine exports or not. This question assumes importance as there are a number of reported cases of overvaluation of exports and in the name of exports dumping of sub-standard goods abroad, which are not even cleared at the foreign ports. No doubt this happens because the unscrupulous exporters are actually targeting the benefits in form of duty free imports and their chief concern is not exports. The link between such exports and hawala transactions to fund illegal activities is also brought out. Thus, whereas there should be all encouragement to genuine exports steps have to be taken to check misuse of the export promotion schemes. This assumes great importance when we find that precious customs and central excise revenue is sacrificed in the name of exports. The link between revenue foregone on account of export promotion and a low tax to GDP ratio is also evident, though it must be added that this would be a non-issue so long as genuine exports do take place. However, when exports do not pick up commensurate with the duty foregone, legitimate questions are rightly asked as regards the efficacy of the schemes.

Duty Foregone on Export Promotion Schemes

Export Promotion Scheme	Duty foregone (in Rs.Crs.)		
	1999-2000	**2000-2001**	**2001-2002**
Advance Licence Scheme [permits duty free imports of inputs, fuel catalysts etc. prior to or after fulfillment of export obligation]	3803	4879	6952
Export Promotion Capital Goods Scheme [permits import of CGs at concessional rate of 5% or 10% against export obligation]	1299	1513	2008
Duty Entitlement Pass Book Scheme [grants credit for payment of duty based on f.o.b. of exports. All inputs having Standard Input output norms are deemed to be imported duty paid, even though in practice only domestic inputs might have been used]	4063	4630	5660
Duty Drawback scheme [After exports, certain percentage of f.o.b. value of exports is given back at the predetermined rates]	4257	4189	2956
Total Revenue Foregone (including EOU/EPZ scheme)	**18166**	**21658**	**24798**

2. Viable export strategy

2.1 It is the view that a viable export strategy must rest upon two basic premises. Firstly, to be competitive in the international market, the export product must match, if not better, the competition in terms of pricing and quality. Secondly, the exporter must have an incentive to enter the highly uncertain export market. Both these objectives are achieved through wide-ranging facilities, infrastructure, financing, income tax relief, trade facilitation, etc. and indirect taxes play a critical role. Taking up indirect taxes, it is evident that the strategy so far has been to grant customs and central excise duty exemptions on the raw materials, inputs etc. used in the export product. Particularly on the customs side this leads to making available the international

high quality raw materials, inputs etc. at the international price and our exporters are thus not disadvantaged viz. a viz. their competitors abroad. Moreover it ensures that the price of the export product is not loaded with any tax element.

2.2 Neutralizing the tax element in export products is an internationally accepted methodology. However, it is seen that we have multiple schemes which are not all necessary e.g. Drawback, DEPB, Advance Licence/DEEC, DFRS, EPCG and EOU). Besides creating difficulties in administration, multiple schemes tend to be misused. Further, in view of practically no import licensing requirement now, the advantage is to be extended basically in terms of tax free availability of inputs, raw materials etc. Therefore, **it is recommended that the multiplicity of export promotion schemes through taxes should be done away with. The new export strategy should rest basically upon two schemes:**

(i) SEZ and EOU schemes – This is for the units dedicated to exports – here, tax relief should be available for all goods (capital goods, raw materials etc.).

(ii) Other schemes – Here, the relevant schemes may be two, one focusing on capital goods and other on raw materials, inputs etc. The relief from tax may be provided in two ways :

(a) Exemption from duties subject to post-clearance intelligence and audit-based verification checks.

(b) Refund of duties paid through Drawback route.

2.3 Drawback scheme have lower leakage risks, and are, therefore, more suitable. The disadvantage is that it imposes a cash-flow burden on exporters, and are in any case imprecise in removing the indirect tax burden on export contents, as accurate and up-to-date input-output relationships for determining drawbacks are difficult to maintain. On the other hand exemptions eliminate the cash-flow burden on qualified exporters completely, but at the price of higher risks of leakage. As a policy they should only be applied to exporters who meet very restrictive qualifying criteria, such as a high threshold of exports to total sales and a good track record of tax compliance. In the present situation in India there is a strong case to eliminate or reduce the

scope of advance license system and EPCG scheme, and rely on an efficient duty drawback system.

2.4 Drawback is WTO compliant and is therefore recommended as the preferred scheme. However, this is based upon the assumption that the present difficulties in respect of this scheme, which have been dealt with later, are removed. Needless to state the schemes should be administered by the Department of Revenue, which is the primary stakeholder on account of either non-collection of the revenue or its subsequent refund.

2.5 Multiplicity of export promotion schemes which are framed by the department of Commerce and implemented by this department often lead to duplication of work. For instance, in the case of a violation, interest and penalties can be imposed by both the departments of Commerce and Customs. This duplication needs to be removed. Whereas the Ministry of Commerce and Industry may be concerned with macro level export policy formulation, administration thereof needs to be vested with the Customs since the goods are imported/exported through Customs barriers.

3. EOU/EPZ schemes

3.1 In so far the EOU/EPZ schemes are concerned, the trade and industry do not have any significant conceptual disagreement with their design. However, in order to derive full advantage the following areas require attention :

3.2 Codification of laws and procedures relating to EOU/EPZ scheme

3.2.1 The EOU/EPZ scheme has a common philosophy and common objectives. Therefore, by and large the procedures are the same. The one critical difference is that whereas the EOUs are 'stand alone' units the units in the EPZ are in a well defined enclave. However, a perusal of the scheme, as per the supporting customs and central excise duty exemption notifications and procedures reveals a confusing scenario. This is since there are an unduly large number of notifications (over 50) and circulars (over 300) in existence at any one point of time. It can well be contemplated that both the tax administrators and the units themselves would have a lot of doubts in view of the sheer volume of relevant material. It is also quite possible that cases of misuse of

the scheme, which are on the rise in recent years are on account of the absence of codification of the law and procedures in respect of the EOU/EPZ units.

3.2.2 **It is recommended that since the general premise of the schemes is the same, the C.B.E.C. must immediately work upon consolidating the many notifications, on both customs and central excise side. This may be done before the next Export-Import Policy by 1st April 2003.** Likewise, it is necessary that all the circulars and instructions should be reviewed and issued as a compendium, subject wise. Future changes if any must be built in the said compendium from time to time so that at any one point of time the units as well as the administrators have updated information available with them. Not only will this ensure transparency it would reduce the scope of misuse.

3.3 Access to DTA

3.3.1 The second issue is that of DTA sale. Initially there was no DTA sale allowed to the units, one reason why these were called '100%' EOUs. However, in view of the fact that access to international market may not always be available DTA sale was allowed in a limited way as a buffer. This was in 1988 when DTA sale was first allowed in a limited way. However, over time the extent of DTA access has increased, touching a figure of 50% at present. And this is for a unit set up for exports! There appears to be little or no justification to grant so many fiscal and others concessions to units exporting only 50% of the production. This also places the DTA units at a disadvantage. Hence, it is high time the DTA sale policy should be reviewed. The DTA sale facility should be restricted so that it acts as a buffer for the unit and should not become its regular activity.

3.3.2 It is the view that a high level of DTA sale acts as a deterrent to a focused approach to exports. Indeed if the units are able to achieve the export obligation alongwith such high level of penetration in the domestic market it is indicative that the export obligation has not been fixed correctly in the first place and could be increased! Accordingly, in order to bring the focus back to exports, the DTA sale should be reduced from the present level. Needless to state the reduction should take place for the new units in view of the fact that the existing units have made investment decisions taking into account the present access to DTA. The question of promissory estoppel is also relevant.

3.3.3. Sale in the domestic market should get progressively reduced for the EOU/EPZ units, as follows :

(i) Year 0 (2003-2004) – From 50 % to 30%

(ii) Year 1 (2004-2005) – From 30 % to 15%

(iii) Year 2 (2005-2006) – From 15 % to 10%

3.3.4 It is considered that DTA access to the extent of 10% of the value of physical exports is justified in view of the uncertainties of the international market and the units may require a buffer from time to time. Such nominal access would also not take away the focus of the units from exports.

3.3.5 A related issue is the rate at which duty must be levied on the DTA sale. At present duty is generally levied at the rate of 50% of the customs duty or the excise duty whichever is higher. Since the customs duty is still quite high the unit is invariably levied at the rate of 50% of the customs duty on like goods as if imported. However, in the event the unit is using wholly indigenous raw materials the duty levied is equal to the central excise duty but if the same is nil then duty is 30% of the customs duty.

3.3.6 There is one view that when the unit is getting all its capital goods and raw materials duty free no concession in duty is justified. The unit has to focus on exports and the DTA access acts only as a buffer in bad times. Therefore, it is not justifiable to sacrifice revenue to the extent of 50% of the customs duty when the goods are not exported but are sold at profit in the DTA. It may be argued that in the absence of the concession the unit would have no buyers in the domestic market as they would prefer to import directly. This argument is countered by the fact that it is not so easy to import directly and the payment is to be made in foreign exchange, which is not necessary when the goods are taken for an EOU. In fact in the absence of an assured domestic market the unit would perforce focus on direct export which is the very purpose of the EOU scheme.

3.3.7 Thus, while rejecting the theory of a high DTA access (50%) there is a justifiable case for reducing the extent of duty concession on such sale. **The duty may be at 75% of the customs**

duty or the excise duty whichever is higher. In the event the unit is based on use of indigenous raw material, the duty rate may be kept at 50% of the customs duty. Such units are also deriving other advantages under the EOU scheme which are not available to the domestic units. The principle objective is to bring back the focus of the EOU scheme on exports.

4. Drawback Scheme

4.1 Drawback scheme neutralizes the incidence of indirect taxes (customs and central excise) on the export products through the refund of the said duty. Basically there are two methods which are followed. The first is the All Industry Rate of Drawback, which is determined on annual basis for a large number of export goods. The rate of Drawback indicated here is worked out on the basis of statistical study taking into account the average indirect tax on each of the export goods. The other route is the Brand Rate of Drawback. This is fixed for a particular goods and particular exporter on the basis of an application made to the Drawback Directorate. Basically this route is adopted by exporter who are not satisfied by the All Industry Rate and feel that their product has suffered higher input taxation.

4.2 Drawback is an export incentive scheme and is WTO compatible. It has been found to be the most transparent of all schemes as the tax rebate is on the basis of quantifiable data. However, certain areas of improvement have been identified.

4.3 Blocking of Drawback

4.3.1 At present the Drawback Rules provide that in the event the exporter does not furnish proof of remittance of sales proceeds within 6 months of exports the amount availed as drawback has to be returned. This is being enforced on the strength of XOS statements received from RBI. It is seen that once the XOS statement is entered into the system the software is so developed that it automatically blocks further disbursal of drawback to the exporter concerned. In fact the blockage is so complete that even if the outstanding is a nominal amount all future drawback claims amounting to Crores of rupees would get blocked. This is a cause of hardship to the genuine exporter who may be in a position to finally satisfy the customs that the foreign exchange has been received. The present procedure is also not sound on equity as the amount blocked has no relation to the amount of drawback under dispute.

4.3.2 **It is, therefore, recommended that there should be an immediate software modification such that amount of drawback blocked should not at any one point of time exceed the amount under dispute.**

4.4 Confirmation of receipt of remittance

4.4.1 The Drawback Rules provide for recovery of drawback in cases where the sale proceeds of the exported goods are not realized. It is specified that this verification has to be done on the basis of intimation from the RBI (XOS Statement). The XOS Statement is received on a periodic basis, normally once in six months, after which verification is carried out and demands raised where the Foreign Exchange has not been realized. Very often these demands are kept pending since exporters claim that Foreign Exchange has since been realized and would be reflected in the ensuing XOS Statement.

4.4.2 It is recommended that to avoid un-necessary issue of demands and their pendency, the customs may accept Bank Realisation Certificates as a proof of realisation, which may be produced by the exporters themselves.

4.5 Management of XOS data

4.5.1 At present, RBI compiles the report of outstanding remittances for exports made under various schemes every six months and sends the same to the nodal Custom House in the form of XOS (Export Outstanding Statement). Thereafter, the Customs have to recover drawback on unrealized remittance and use the data for any kind of risk analysis.

4.5.2 The volume of data in the XOS is phenomenal. To illustrate, XOS of only RBI, Delhi contains 55,000 shipping bills. Such a volume is not amenable to manual sorting. Further, whereas the existing format of XOS provides details of name , address of exporter, Number of Shipping Bill, G.R.Number and Amount Outstanding, it does not provide the following critical information :-

(i) Port of export which could be anywhere in India.

(ii) Scheme under which exported.

4.5.3 It is therefore not surprising that there is delay in linking the XOS statement with the port/airport concerned and export benefits wrongly availed of can not be recovered. **Hence, for recovery of inadmissible export benefits, it is recommended that the Shipping Bill number should be standardized to include the details of the port/airport of export. There should also be electronic exchange of information between the RBI and the Custom House.**

4.6 Duty Drawback on Composite items

4.6.1 As per general Note no. 11 of Duty Drawback Schedule, in the case of export of composite items constituent material should be visibly distinguishable and their weights should be unambiguously verifiable. That means unless one piece of each item or entire consignment is broken, the weight cannot be verified for some of the handicrafts items. For such items, at the field level, problems are being faced and the Drawback for the composite items is being denied.

4.6.2 It is recommended that as a general policy the weight declared by the exporters should be accepted. Verification should be done only in case of doubt or there is intelligence to the contrary.

4.7 Grant of Drawback at ICD/CFS

4.7.1 In case of export through ICDs/CFS the Drawback amount is presently not sanctioned until the goods have been actually exported from the port/airport of export and proof to that effect is produced. This holds up the Drawback claims for long periods and handicaps the exporters.

4.7.2 In this regard, it is seen that once the goods have been passed for export by the customs at the Inland Container Depot/Container Freight Station (ICD/CFS) and handed over to the transporter for further dispatch to the port/airport of export, these are effectively out of the control of the exporter. Thus, there is no reason not to allow the Drawback at this stage itself. In fact, on the central excise side, the rebate of duty is being sanctioned no sooner the goods are handed over to the transporter for carriage to port/airport after completion of customs formalities. Thus, the Drawback can be sanctioned on the same lines as export rebate. In the remote situation the export does not take place, the Drawback sanctioned can be recovered as per law.

4.7.3 It is recommended that in case of exports through ICD/CFS the Drawback should be released once the 'Let Export' order is given by the customs for export and the goods are out of control of the exporter for transport to the Gateway port/airport.

4.8 Credit of Brand Rate of Drawback into Bank

4.8.1 Once the Directorate of Drawback issues Brand Rate (or Special Brand Rate) letter, exporter has to get it registered at Customs House. After registration, Quantity release order is issued to DBK section at Airport cargo office from where amount is released after feeding the data into the computer system, which is linked with the shipping bill details of exports made. This procedure takes a lot of time (approximately 3-4 months) before Drawback amount is credited in the account of exporter. Sometimes Shipping Bill details are also not readily available, which causes delay.

4.8.2 It is recommended that after issuance of Brand Rate (including Special Brand Rate) letter, a copy should be forwarded to Customs EDI system for data feeding. The amount of Drawback should automatically be credited in the exporter's bank account as in case of All Industry Rate claims.

4.9 Opening of Bank accounts for Drawback

4.9.1 Under the EDI system and even otherwise, the exporter is required to open a Bank account at an identified Bank and the Drawback amount is directly credited to the said account by the Customs. It has been reported that this arrangement is causing difficulties and increasing the transaction cost for the following reasons:

(i) An exporter who has exports through more than one port/airport has to open that many number of Bank accounts. This entails various formalities, keeping minimum deposit etc.

(ii) When the exporter is located at the interior away for the place of export, the Drawback amount is first received at the designated Bank and subsequently transferred to his own account at the place of his business. This invariably take time and costs the exporter in terms of bank commissions etc.

(iii) When the Bank is located far away the exporter has often to incur wasteful expenditure to ascertain whether the Drawback amount is credited or not.

4.9.2 Accordingly, while the present system of direct credit of Drawback to the designated Bank has its advantages for the exporters who are in the same city it has resulted in increase in transaction cost for other exporters. In this regards, it is learnt that on the Income Tax side they have an arrangement with the designated Bank to send a mail transfer the refund amount direct to the tax payers Bank account wherever located. This system has advantages and resolves the reported difficulties in the present system being followed by customs. It is also learnt that this is at no extra expense to the exchequer. On his part the exporter would not mind paying the additional bank fees, if any, for the facility of receiving the Drawback amount at this own Bank.

4.9.3 It is recommended that at the option of the exporter C.B.E.C. should adopt the Income Tax system of payment of refund for the disbursal of Drawback, i.e. the designated bank would be authorized to send a mail transfer of the Drawback amount direct to the tax payer's bank account, wherever located.

4.10 Furnishing of non-availment of CENVAT Certificate for Duty Drawback

4.10.1 Availment of CENVAT credit and Drawback are mutually exclusive benefits. Accordingly, it is provided that while claiming Drawback the exporter should produce a certificate of non-availment of CENAT credit. In fact to make the matter abundantly clear certain entries of the Duty Drawback schedule specifically provide for the non-requirement of this certificate when the goods are exempt for central excise duty (e.g. proviso of general note No. 8 of Duty Drawback Schedule – Handicrafts (including handicrafts of brass artwares), handloom products or leather and other products). The requirement of the non-availment of CENVAT credit is insisted upon with each and every shipment.

4.10.2 It is the view that customs should trust the exporter to make a correct declaration. The consignment–wise insistence upon production of the required certificate increases the contact points and transaction cost. In the absence of this requirement the disposal of Drawback claims will also speed up.

4.10.3 It is recommended that Customs should accept self- declaration from the Merchant Exporters that their supporting manufacturers are not registered with Central Excise and they do not avail Cenvat benefit. Similar self-declaration should be accepted from manufacturer-exporters. Such claims may be subjected to post disbursal verification on basis of intelligence and risk assessment techniques.

4.10.4 It is also recommended that the Drawback rates should be determined net of the Cenvat credit which would obviate the necessity of any verification regarding Cenvat availment.

4.11 Deputy/Assistant Commissioner (Exports) to sanction Drawback

4.11.1 In the existing system Deputy Commissioner (Export) and Deputy Commissioner (Drawback) are separate. Whereas the former deals with the passing of export consignments these are subsequently sent to Deputy Commissioner (Drawback) for sanction of Drawback, in case the export is under claim of Drawback. Invariably the new officer raises unnecessary queries and documents have to go to and fro the two officers.

4.11.2 It is recommended that the Deputy Commissioner (Export) may be made fully responsible for "Let Export" and also sanction of Drawback amount. All procedural requirement for Drawback such as production of CENVAT certificates etc. should be scrutinized at the time of Let Export. Once the Shipping Bill is passed the Drawback should be passed subject to only ensuring that the goods have been actually exported. It is expected that this would further speed up the disposal of Drawback.

4.12 Fixing of Drawback Rate for all items covered under SION

4.12.1 There are number of items for which no All Industry Rates of Drawback are available. In the absence of such Rates of Drawback, exporters have to apply individually for fixation of Brand Rate of Drawback which is cumbersome and time consuming process.

4.12.2 It is recommended that the Government may declare Drawback rates for all the items for which Standard Input-Output Norms (SION) are prescribed.

4.13 Reform of Drawback schedule

4.13.1 At present, the All Industry Drawback Rate schedule has hundreds of entries for many export items and the rate of admissible Drawback is indicated against each item. At times, each entry is further divided into sub-categories, each with an individual rate of Drawback. There is, thus, a multiplicity of Drawback rates. It is the view that the present system is difficult to administer and simplification is called for. Effort should be made to have only few Drawback rates and the export items can be clubbed into broad categories with uniform rates for each such category. Drawback is in any case determined on averages and the broad categorization should not create difficulties. In case the exporter is not satisfied he has the option to go in for a Brand rate or Special brand rate.

4.13.2 It is recommended that C.B.E.C. should review the Drawback schedule and attempt to create broad categories so that complexities are reduced.

4.14 Redressal mechanism

4.14.1 Brand Rate or Special Brand Rate of Drawback is fixed by the Directorate of Drawback, C.B.E.C. on an application made by the exporter. This is done on the basis of the declared input-output ratio and duty burden on the goods followed by post-facto verification on random basis. It is reported that in case an exporter is dissatisfied with the determined Brand Rate or Special Brand Rate of Drawback no mechanism is provided for redressal. Brand Rate or Special Brand Rate has an impact on exports. Accordingly, it is necessary that an exporter must be fully satisfied that he is getting the export incentive correctly. Absence of a redressal mechanism is against the exporters interest.

4.14.2 It is recommended that the Drawback Rules should be modified to provide for an appeal to CEGAT in case an exporter is dissatisfied with the Brand Rate or Special Brand Rate of Drawback fixed for him.

4.15 Interest on delayed sanction of Drawback

4.15.1 Reportedly the sanction of Drawback gets delayed at the hands of the customs and this handicaps the export effort. Further, in the event the grand to refund is delayed the department is

liable to pay interest thereon. However, there is no such provision in respect of delay in sanction of Drawback. It is the view that the exporter should not be penalized on account of delays by the department.

4.15.2 It is recommended that in case, the sanction of Drawback is delayed beyond a period of one week of the receipt of complete documents, the Department should be liable to pay interest on the amount of Drawback.

5. Duty Entitlement Pass Book (DEPB) scheme

5.1 As a policy export promotion should largely rest upon an efficient scheme of Drawback and the special schemes for EOU/EPZ/SEZ units. Therefore, there is no place for DEPB. **Accordingly, in view of its many implementation problems, DEPB must be removed from 1st April 2003**. It is expected that by this time the Drawback scheme would have been further improved to reduce delays and provide immediate relief to the exporters.

6. Coordination between DGFT and Customs

6.1 It is often reported that there is a need to promote the coordination between DGFT and C.B.E.C. and its customs field formations as otherwise hardship is caused to the importing and exporting community and there is also increase in transaction costs. Instances were reported of delay in registration of DEPB books by customs as they had not received the copy from DGFT, non-acceptance of the DGFT instruction unless the supporting customs notification were issued etc. It is the finding that the grievances are genuine. Effective implementation of the policy provisions is very important to cut delays and achieve export performance.

6.2 From the point of the view of the exporters and importers the Government is one, and so it should be. Both DGFT and Customs are two arms of the Government and it is necessary that they operate together and in harmony while giving effect to Government policies. At the same time it is appreciated that at the field level the individual officer of customs (or DGFT) are bound by their individual laws and would hesitate to act on the basis of a DGFT order unless specifically so authorized to do so under their own law. Thus, the remedy lies in improved coordination between the two departments. Broadly, the difficulties which are faced at the field level and by the industry can be categorized as follows :

(i) Non-issue of supporting customs notifications despite policy announcement - Invariably it is noticed that there is significant time gap between the EXIM Policy announcement on 1st April each year and the issue of the relevant customs and central excise duty exemption notifications. The notifications are issued after a few months and then too with contents inconsistent with the EXIM Policy provisions. At times the notifications are simply not issued which nullifies the DGFTs policy announcements.

(ii) Non-receipt of documents relating to licensing by the customs - For instance, it is reported that the manufacturer exporter experience difficulties in getting registration of DEPB at the customs port on account of the fact that the Customs authorities may not have got their copy from DGFT.

6.3 The first issue is really one of coordination between two arms of the Government. It is evident that both the delay in release of duty exemption notifications and the contradictions with the EXIM Policy provisions has something to do with turf wars. The matter requires urgent attention. Ideally consensus should be evolved on the Policy prescription before it is announced and the attempt should be to make no changes, which in any way dilute or modify the concessions given earlier, which affect the investor adversely.

6.4 It is recommended that to resolve the issue of absence of coordination between the DGFT and customs the following steps may be taken :

(i) Duty exemptions, which are in general a critical component of the export promotion schemes, should be notified along with the Policy announcement.

(ii) Both Customs and DGFT should make use of EDI technology for exchange of information, which would cut the delays.

(iii) There should be an institutional arrangement to resolve the co-ordination

problems between the DGFT and Customs. The recommended structure is as follows :

(a) 'Export and Import Co-ordination Committee' co-chaired by Member (Customs), C.B.E.C. and DGFT and having as its members J.S. (Customs), C.B.E.C., Additional DGFT, Director (Customs), C.B.E.C. and Joint DGFT and members of Exporters', Importers' and CHA Associations. The Committee would meet once in a quarter to examine and resolve all co-ordination issues. It would also oversee the work of the Regional Export and Import Co-ordination Committees.

(b) 'Regional Export and Import Co-ordination Committee' at each of the ports/airports/ICDs/CFS. This Committee would be chaired by Chief Commissioner of Customs. Senior most member of the DGFT at the port/airport/ICD/CFS would be a member. The Committee would also include all concerned departments and agencies such as custodians, banks, etc. and members of Exporters, Importers and CHA Associations. The Committee would meet once in a quarter to resolve all co-ordination problems. It is expected that since the customs is the chief implementation agency of the DGFT policies this Committee under the Chief Commissioner would ensure early resolution of the problems.

6.5 It is understood that in some places similar bodies do meet but the result is not satisfactory. Hence, there is a need to place the Committees on a firm footing, as proposed above. **These Committees should be notified in the EXIM Policy and the C.B.E.C. Circular**.

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