

## Kolkata Customs aim to smoothen procedures

FIEO (ER) organized an interactive meeting for exporter members with Mrs Deepa Dasgupta, Chief Commissioner, Kolkata Customs on December 22, 2011 in Kolkata.

Initiating the discussion, Mrs Deb-datta Nandwani, Dy. Director General, FIEO (ER), welcomed Ms Dasgupta, Mr Gurdeep Singh, Commissioner (Port) and Mr Jai Prakash, Commissioner (Preventive) to the session.

Mr Ramesh Kumar Agarwal, Regional Chairman, FIEO (ER), in his welcome address emphasized the focus of international trade towards Asia, Africa and other new markets and stated that the pressure on Kolkata Customs and port is bound to increase in view of this new trend.

The following issues were deliberated in the meeting:

### **Rationalizing the export duty on chrome ore to an ad valorem tax:**

It is recommended that an ad valorem tax of 10% of base export price (in line with royalty payment on chrome ore) replace the current flat export duty of Rs 3000 PMT+cess. The tax will change with ruling prices.

### **Calculating export duty on minerals (e.g. chrome ore/chrome concentrate) on dry tonnage basis and not on wet tonnage basis.**

All commercial transactions in the mineral business globally take place on dry tonnage basis (i.e. DMT), and the content of moisture in minerals such as chrome ore and chrome concentrate, varies with the season, from about 7% in the dry season to about 12% to 14% during the wet



Ms Deepa Dasgupta, Chief Commissioner of Customs, Kolkata (3rd from left) addressing the meeting. On her right are Mr Ramesh Kumar Agarwal, Regional Chairman, FIEO(ER); Mr Prakash Thaker, Member FIEO Managing Committee. On her left are Mr Gurdeep Singh, Commissioner of Customs(Port & Admin), Kolkata; and Mr Jai Prakash, Commissioner of Customs (Preventive), Kolkata.

season. Therefore, the calculation should be on the basis of DMT for all practical purposes instead of the prevailing practice of WMT. In the case of iron ore fines also, the duty should be calculated on DMT basis.

**Lowering/removal of export duty in case of chrome concentrate exports. Currently the export duty on chrome ore and chrome concentrate is at the same level of Rs 3000/MT plus cess. However, chrome concentrate is a value added product made using low grade chrome ores that have no direct metallurgical use and is as per the principles of mineral conservation enshrined in the MMDR Acts and for scientific mining. Also, chrome concentrate has found limited use in the country. So till such time domestic demand catches up, it is desired that producers be allowed to export freely. It is recommended that the export duty in case of chrome concentrate exports be made 10% (in**

### **line with the royalty).**

The matter should be taken up with the Ministry of Finance for their consideration in the next Budget.

**Appeal for review of customs procedure at Kolkata-Haldia Customs: Members strongly feel that there should be uniform interpretation of customs rules and procedures in all the ports and that Kolkata-Haldia Customs should follow the practice of Paradip Port. Both foreign contracts and LCs for iron ore exports are based on DMT. Whereas the Paradip Customs Department assesses shipping bills based on DMT and contract price as declared by the shipper, Kolkata Customs does assessment on WMT basis and CCMC prices are considered for assessment.**

A decision is awaited.

**Iron ore exporters are unable to get documents processed**

within a reasonable time at Kolkata Customs even when all the required documents are furnished. The reason attributed is CCCMC prices are not available with them.

The matter stands before CESTAT and a decision is awaited.

All other customs houses in different ports assess shipping bills on Saturdays and accept duty payments except Kolkata, where shipping bills are assessed only from Monday to Friday and that it takes about two days to complete the assessment. Even when the exporters submit the documents on Friday, the duty payment is possible only on Monday. This causes delay in berthing of vessels.

The shipping bills are being assessed as final, without a chance for the exporter to check through the same. As a result huge sum of refunds are piling up to be followed up at the Haldia port, thus increasing transaction cost and time.

Free shipping bills are not subject to examination, however, if the shipping bills carry any kind of examination report, it might be converted to drawback shipping bills. Specific cases should be submitted to customs for further decision.

Refund claims in both the departments i.e. Export and Appraising Refund Section are pending since long. Exporters



A view of the audience.

from various sectors are struggling in the present economic scenario and can hardly afford such delays.

Regarding outstanding refund of Customs Duty, it was informed that the matter shall be looked into by the next TFC.

It is not possible for Hilli exporters to come to Malda, which is 150 km away, to tender their shipping bills. In this regard, the matter has been taken up with the Commissioner, Preventive, Kolkata Customs, and the Addl. Commissioner who promised to look into the matter and issue a notification providing the necessary authority to the Superintendent Customs to sign the shipping bills within Rs 10 lakh (FOB). Those above Rs 10 lakh (FOB) are to be countersigned by the AC Customs. However the

necessary notification is pending. In this regard the Hilli Customs Agents would like to submit that the same be expedited. They have already struck work twice, affecting exports and the second strike is still on.

Instructions shall be modified within the next 24 hours and a fresh notification shall be issued.

The Customs Drawback Department should reduce the drawback rates by interpreting the description of articles unilaterally.

The Chief Commissioner and the Commissioner assured they would look into the matter.

The interaction ended with a vote of thanks by Mr Prakash Thaker, Managing Committee Member. ■

FIEO News is available from  
January 2010 onwards on  
**www.fieo.org**