Institutional arrangement of Merchandise Trade Data Collection in India

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In India the merchandise traders submit shipping bills for exports and bills of entry for imports to the customs authority. These Bills form the source document for preparation of trade returns, commonly known as 'Daily Trade Returns' (DTR), by the customs authority and those are submitted to Directorate General of Commercial Intelligence and Statistics (DGCIS) for processing and statistical presentation of foreign trade data.

The Customs Authority clears these Bills in two different modes, namely, on-line processing system of Electronic Data Interchange (EDI) and the Non-EDI, i.e. manual mode of clearance. The EDI data are being sent to DGCIS on-line through ICEGATE and the Non-EDI data transmitted in two different ways, viz., electronically through e-mail, CD/ Floppy and manually typed/handwritten format, to DGCIS directly from the customs formations. Currently, 32 EDI customs locations are connected to ICEGATE servers. In terms of total number of transaction records, there are about 95% of records for Imports and 85% of records for Exports received through EDI mode and about 71% in terms of total values for Imports & 65% for Exports. The remaining data received through Non-EDI/Manual mode from the Customs.

In absence of any working agreement in the form of Memorandum of Understanding (MoU) or any other agreement, among the Compiler (DGCIS) and the primary data source (Customs Agency along with other source agencies) of merchandise trade statistics to have well defined roles and responsibilities of each parties, the issue of time lag of reporting primary trade data (in the form of Daily Trade Returns) and its correctness by the source agency (Customs) have never received its due priority. This is an area where there is a need of intervention of appropriate authorities.

About the quality of foreign trade data, major types of inconsistencies in shipping bills at the customs point are found in respect of commodity codes with that of corresponding commodity description, quantity reported in different unit of measurement but not in standard unit, etc,. Normally Customs Authority is interested for revenue collection and hence on the value of the commodity and at most on the validity of selected commodities due to some scheme in operation specific to some commodity /banned items, etc. As a result the DGCIS has to undertake a series of correction in these fields during data processing.

Normally import data are found better than the export data in this respect as import data are being checked more rigorously at Customs end than the export data. So far as reporting of quantity in non-standard unit of measurement is concerned the same is also found quite high. There is a need of developing customised software to facilitate the Customs Authority to use the correct ITC(HS) code corresponds to the item descriptions as well as the prescribed units of measurement, right at the initial stages of filing of bills of entry and shipping bills.

There are instances that the some Customs formation fails to submit the data to DGCIS on regular basis. Such data received from the ports consolidated for the whole year after lots of persuasion. There are even cases that the DGCIS not even aware about formation of some Export Processing Zones (EPZ) under the administration control of the Customs. There is no mechanism of reporting such event to DGCIS. There appears to have no initiative on the part of the Customs Authority to issue suitable instructions to the said EPZs/newly formed ports to the effect that the trade data is to be sent to DGCIS in a specific format on regular basis. This needs to be looked into specially.

As regards Special Economic Zone (SEZ), no trade data is being received, except a very few. As the SEZs are under the administrative control of other Ministry (Commerce & Industry) and Customs Authority is under another Ministry (Finance), suitable instruction needs to be issued for supply trade data in appropriate format to DGCIS on regular basis, every month.

It has been observed that a lot of time is lost due to non-availability of proper and suitable mechanism of co-ordination between the related agencies, specially the data providers (Customs Authority and Ministry of Commerce & Industry) and data compiler (DGCIS) like updation of commodity classification (ITC(HS) Classification).

Proper and very strict coordination mechanism between the all stake-holders like DGCIS, MOF, MOCI and any other agencies obviously through some institutional arrangements is must for any kind of smooth data collection system
There should be proper working agreement in the form of Memorandum of Understanding (MoU) or any other agreement (MoA) between the various stake-holders to get the proper quality of data in time.

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Institutional Arrangements of Merchandise Trade Data Collection in India

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Introduction

- In India the merchandise traders submit shipping bills for exports and bills of entry for imports to the Customs Authority.

- These Bills form the source document for preparation of trade returns, commonly known as 'Daily Trade Returns' (DTR), by the Customs Authority

- Customs Authority submits the DTR to Directorate General of Commercial Intelligence and Statistics (DGCIS) for processing and statistical presentation of foreign trade data.

Data Flow

- The Customs Authority clears the Bills in two different modes, namely, on-line processing system of Electronic Data Interchange (EDI) and the Non-EDI, i.e. manual mode of clearance.

- The EDI data are being sent to DGCIS on-line through ICEGATE

- Non-EDI data transmitted in two different ways, viz., electronically through e-mail, CD/ Floppy and manually typed/handwritten format, to DGCIS directly from the customs formations.

Data Flow

- 32 EDI customs locations are connected to ICEGATE servers.
- In terms of total number of transaction records, there are about 95% of records for Imports and 85% of records for Exports received through EDI mode

Data Flow

- About 71% in terms of total values for Imports & 65% for Exports.

- The remaining data received through Non-EDI/Manual mode from the Customs.

Institutional Arrangements

- In India there is very good coordination between the Compiler (DGCIS) and the primary data source agencies (Customs Authority along with other source agencies) of merchandise trade statistics

- But there is no such working agreement in the form of Memorandum of Understanding (MoU) or any other agreement

Institutional Arrangements

- In absence of any working agreement in the form of Memorandum of Understanding (MoU) or any other agreement to have well defined roles and responsibilities of each parties, the issue of time lag of reporting primary trade data (in the form of Daily Trade Returns) and its correctness by the source agency (Customs) have never received its due priority.

- This is an area where there is a need of intervention of appropriate authorities.

Institutional Arrangements

- A lot of inconsistencies are found in respect of commodity codes with that of corresponding commodity description, quantity in standard unit, etc, in terms of statistically valid quality of data

- Normally Customs Authority is interested for revenue collection and hence on the value of the commodity

- At most on the validity of few selected commodities due to some scheme in operation specific to some commodity /banned items, etc

- Normally import data are found better than the export data in this respect

Institutional Arrangements

- There is a need of developing customised software to facilitate the Customs Authority to use the correct ITC(HS) code corresponds to the item descriptions as well as prescribed unit of measurement right at the initial stages of filing of bills of entry and shipping bills.

Institutional Arrangements

- Some Customs formation fails to submit the data to DGCIS on regular basis.

- Such data received from the ports consolidated for the whole year after lots of persuasion.

- The data are disseminated on Monthly basis.

- There are even cases that the DGCIS not even aware about formation of some Export Processing Zones(EPZ) under the administrative control of the Customs.

- There is no proper mechanism of reporting such event to DGCIS.

Institutional Arrangements

- Suitable instructions to the said EPZs/newly formed ports need to be given by the Customs Authority to the effect that the trade data is to be sent to DGCIS in the specific format on regular basis.

- This needs to be looked into specially.

Institutional Arrangements

- As regards Special Economic Zone (SEZ), no trade data is being received, except a very few.

- As the SEZs are under the administrative control of other Ministry (Commerce & Industry) and Customs Authority is under another Ministry (Finance), suitable instruction needs to be issued for supply of trade data in appropriate format to DGCIS on regular basis, every month.

Institutional Arrangements

- It has been observed that a lot of time is lost due to non-availability of proper and suitable mechanism of co-ordination between the related agencies, specially the data providers (Customs Authority and Ministry of Commerce & Industry) and data compiler (DGCIS)

Requirements

- Proper and very very strict coordination mechanism between the all stake-holders like DGCIS, MOF, MOCI and any other agencies obviously through some institutional arrangements

- There should be proper working agreement in the form of Memorandum of Understanding (MoU) or any other agreement (MoA) between the various stake-holders to get the proper quality of data in time

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THANK YOU