

Customs Bond Commissionerate
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Write up
on

Customs Bond Commissionerate Automation :

Step Towards Vision 2021 & Digital Bangladesh.

Edited-

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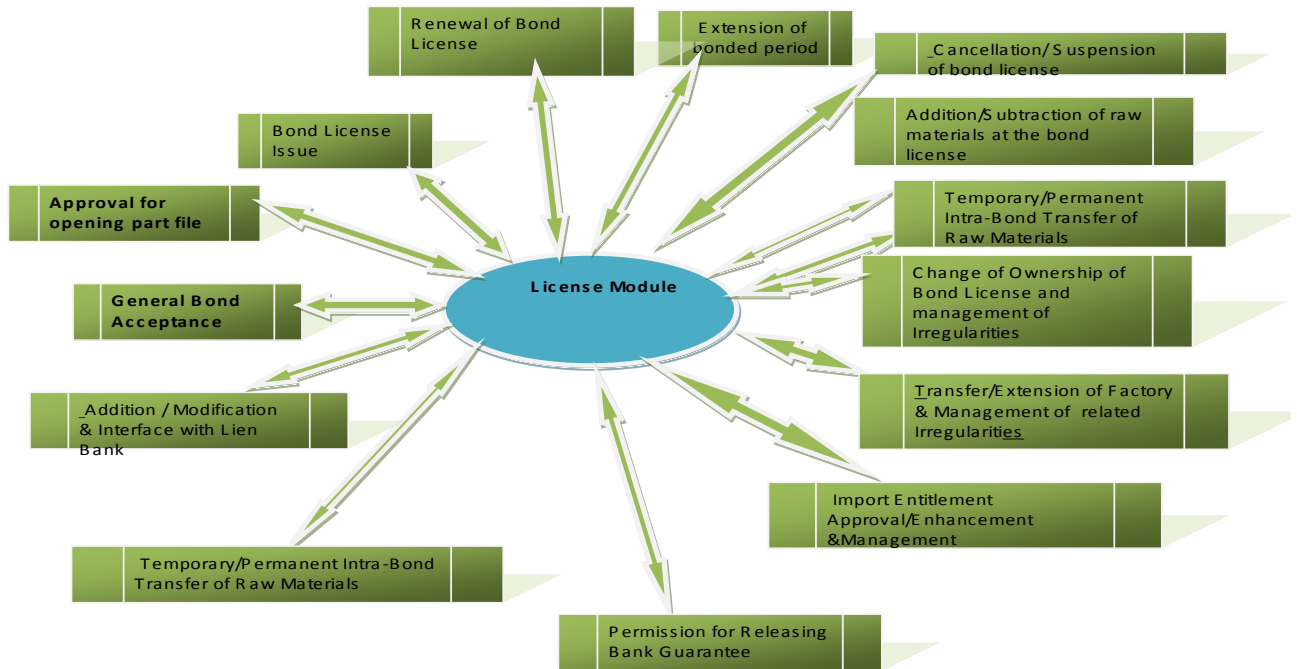
Customs Bond Commissionerate Automation: Setp Towards Vision 2021 & Digital Bangladesh

In the year 2000, newly born Customs Bond Commissionerate started its journey with the aim to help & facilitate the export business, collect proper revenue, control misuse of bond facilities and preserve and record various data for multiuse.

Section13, 84 to 119 (Warehousing Chapter XI) of The Customs Act, 1969 [IV of 1969] deals with Bond Management. Besides, Bond Management for Export Processing Zones, Home Consumption Bond and Diplomatic Bond are guided by Specific Rules, SRO's & Office Order's. Total day to day businesses of the Customs Bond Commissionerate are huge [shown in the **chart 1**]

Chart-1

Bond License Day to Day Business



Present Bond Management System has lack of transparency and also has scope of avoiding responsibilities. Major disadvantages of present traditional & manual bond system are as follow:

- There is no proper control over the system of issuing license to the bonders. So always there has opportunity to make the system corrupt which ultimately may create indiscipline in the bond commissionerate.
- Lots of physical file handling with maximum risk.
- License day to day process (Renewal, Audit, Intra bond transfer etc.) taking so many steps.
- Corresponding with lien banks taking much time.
- No proper controlling of Utilization Declaration (UD)
- Smoggy passbook management system.
- No proper justification over Utilization Permission (UP).
- No proper justification of Import Entitlement / Quota.
- Control less flow and less synchronized audit function.
- Unaligned monitoring system over updated DEDO Co-efficient
- Claim duty & taxes for expired bonding goods taking much time with lots of error.

- Demand adjustment bugs occurred while calculating.

Considering the above mentioned demerits of the Present Bond System, National Board of Revenue (NBR) committed to upgrade the bond management through Automation. NBR did exercise on Bond Customs Automation & believe that Automated System will ensure following advantages:

- The automated bond network will enable to supervise and oversee all bond related activities electronically. It is believed that after introducing automated system, the efficiencies and cost savings will greatly improve by delivery services in time.
- The Automation will save time and ensure accountability.
- Successful implementation of the automation process would change the mindset of all stakeholders.
- Import-export will take place more smoothly and cost of trade will be reduced.
- According to the project outline, clearance procedures will be reduced to minimum stages from the lengthy and flat steps.
- Companies can be benefited by using automated filing reduced paperwork, personnel, and administrative costs, participating in the initial development, and filing all data at a central filing point.

In the mean time Bond Commissionerate did necessary exercise for proposed Automation System. Step by Step getting approval form NBR bond commissionerate will go for automation for following Activities:

1. License

1.1 Bond License issue (Initial Step)

1.2 Bond License process (day to day business as when) required)

- 1.2.1 Renewal of Bond License
- 1.2.2 Extension of bonded period
- 1.2.3 Cancellation/Suspension of bond license
- 1.2.4 Addition/Subtraction of raw materials at the bond license
- 1.2.5 Temporary/permanent Intra-Bond Transfer of Raw Materials
- 1.2.6 Change of Ownership of Bond License and management of irregularities
- 1.2.7 Transfer/Extension of Factory & Management of related irregularities
- 1.2.8 Import Entitlement Approval/Enhancement & Management
- 1.2.9 Permission for releasing Bank Guarantee

- 1.2.10 Temporary/Permanent Intra-Bond Transfer of Raw materials (EPZ)
- 1.2.11 Addition/Modification & Interface with Lien Bank
- 1.2.12 General Bond Acceptance
- 1.2.13 Approval for opening part life

2. Electronic Bond Register

- 2.1 In Bond Management
- 2.2 Ex Bond Management
- 2.3 UP Management
- 2.4 Consumption certificate/Declaration/input-output coefficient
- 2.5 Consumption certificate for supervise bond
- 2.6 BE Submission for home consumption
- 2.7 Lien Bank.

Electronic Pass Book

- 2.7 UD Management
- 2.8 Consumption certificate/Declaration/input-output coefficient
- 2.9 Lien Bank.
- 2.10 Bill of Entry
- 2.11 Bill of Export
- 3. Audit Information management
- 4. Treasury Management
- 5. C & F License Management
- 6. DEDO Interface synchronization
- 7. Demand/Irregularities
- 8. Claim Duty & Taxes for expired Bonding Goods
- 9. Demand Adjustment or installment fixation for outstanding revenue.
- 10. Permission for raw materials importation against bank guarantee or duty taxes
- 11. Appointment of inspector for investigating Various Type of Irregularities
- 12. Writ Management
- 13. Human Resource Management
- 14. Lien Bank module
- 15. EPZ Module
- 16. Risk Management & Bond Commissionerate Confidential Report Generation
- 17. Data Migration

Now lets we examine at what extend proposed Automated System will enhance Govern't's images through simplifying the Bond Management.

I. Licence Information Management System.

Look into **Chart : 2**, Bond Commissionerate at present need 15 steps [7days to 30 days] for issuing Bond License. Which could be possible by 4 steps & within 7 days [shown at **Chart: 3**] after introducing Automated License Information Management System. Besides, all the stakeholders related to License Module will be connected as shown at **Chart: 4**.

Chart: 2

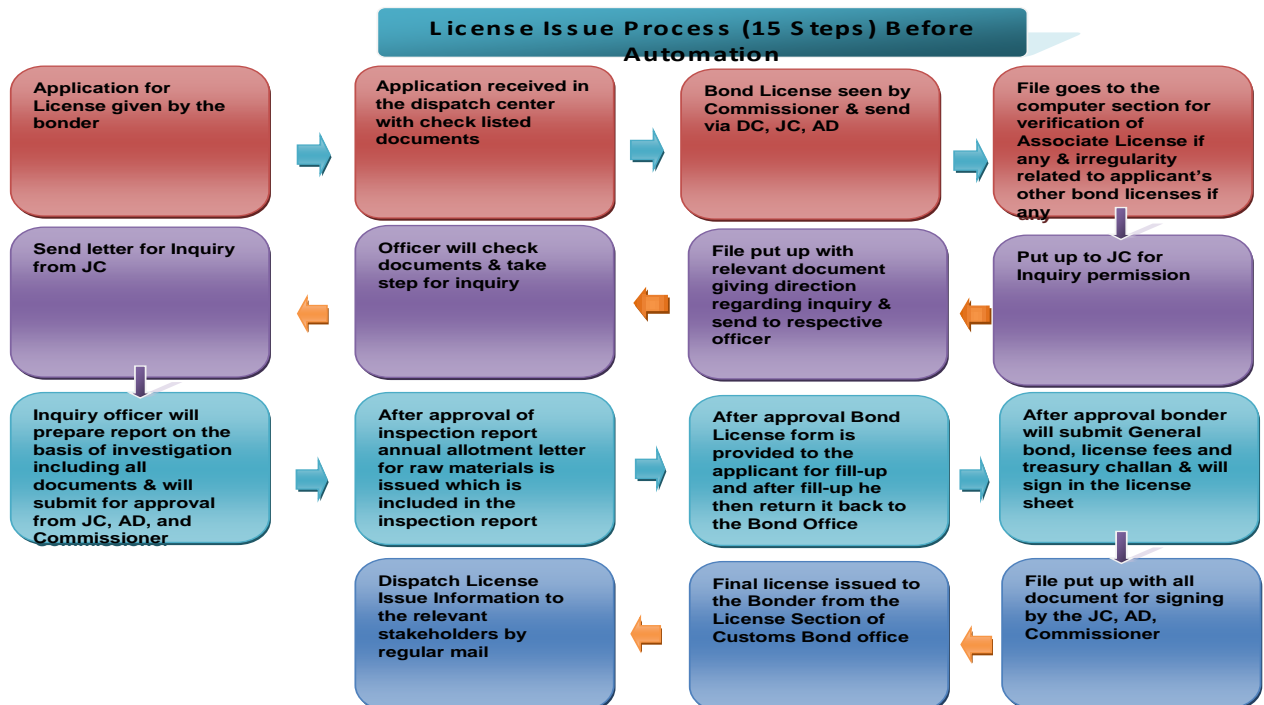


Chart: 3

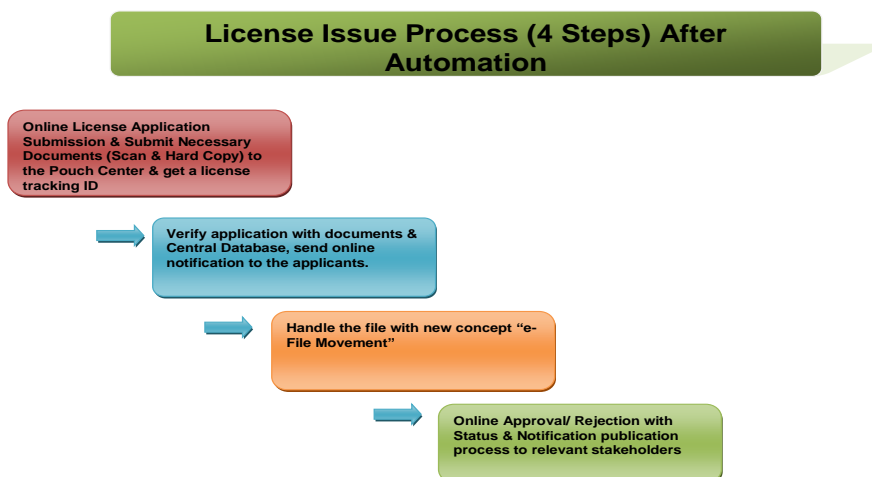
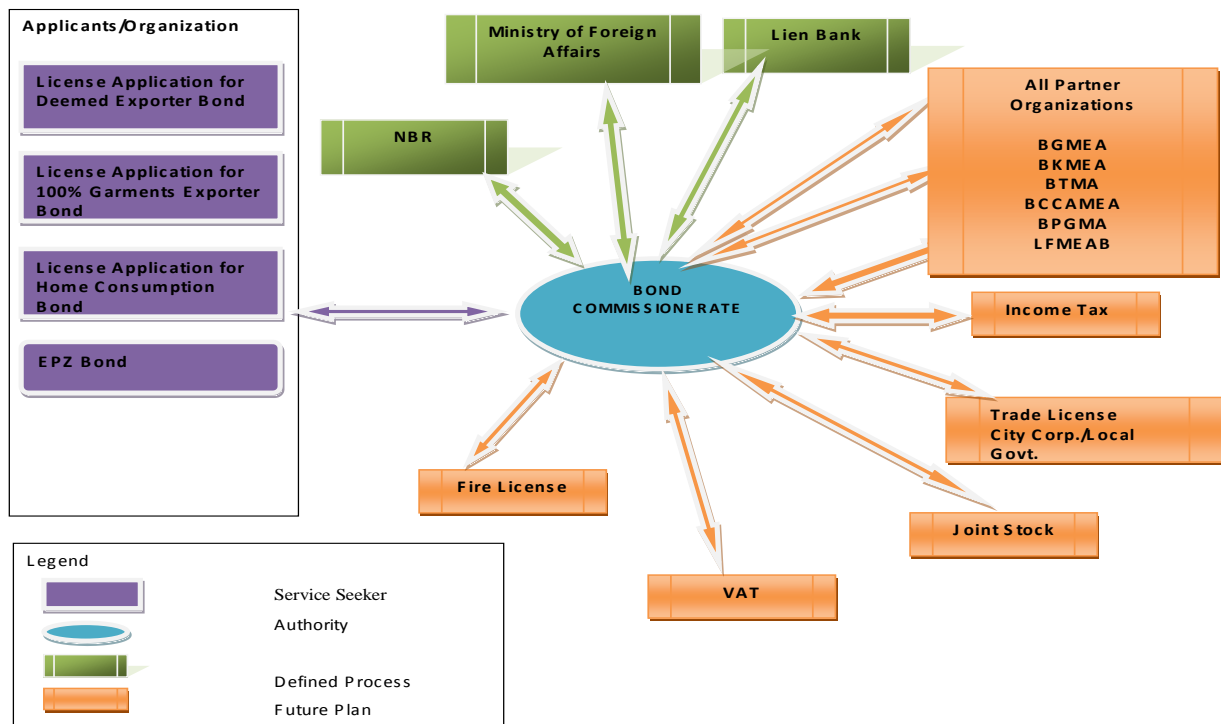


Chart: 4

Stakeholder identification related to license module

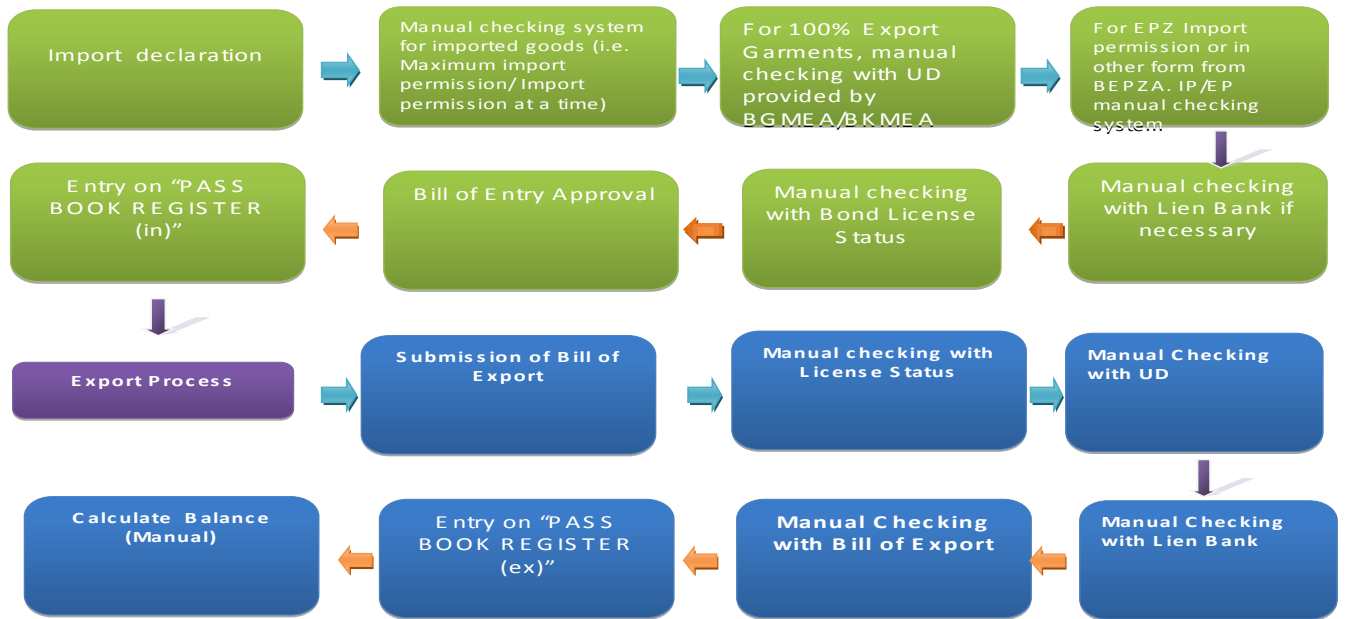


II. Electronic Bond Register:

Customs Bond Commissionerate deals with different type of services like: Management of Special Bonded Warehouse [SBW] for 100% knit and oven, General Bonded Warehouse [GBW] for 100% Deemed Exporter, Home Consumption Bonded Warehouse, Diplomatic Bond and Bonded warehouse for Export Processing Zones. For each type of Bond there has specific type of Register and Pass Books for In-bond & Ex-bond Management. At present for each and every Garments Bond Licensee related Customs House or Customs Station issue two Pass Book [one for Custom House and one for Bonder] & do all In-bond [Import] & Ex-bond [Export] entry manually following 16 steps [**Shown at Chart: 5**].

Chart: 5

Pass Book Registry Process (16 Steps) Before Automation



But after automation & introducing Electronic Bond Register all Import & Export data will be kept in a single Register. Besides, all Customs House & Customs Station could give necessary entry. Related stakeholder could view it. Steps will be only 6 from present 16 [**shown at chart 6**] Customs could do his daily work more efficiently in the Automated System which will help them for doing necessary cross-check through on-line [**shown at chart : 7 & 8**]

Chart 6

Pass Book Registry Process (6 Steps) After Automation

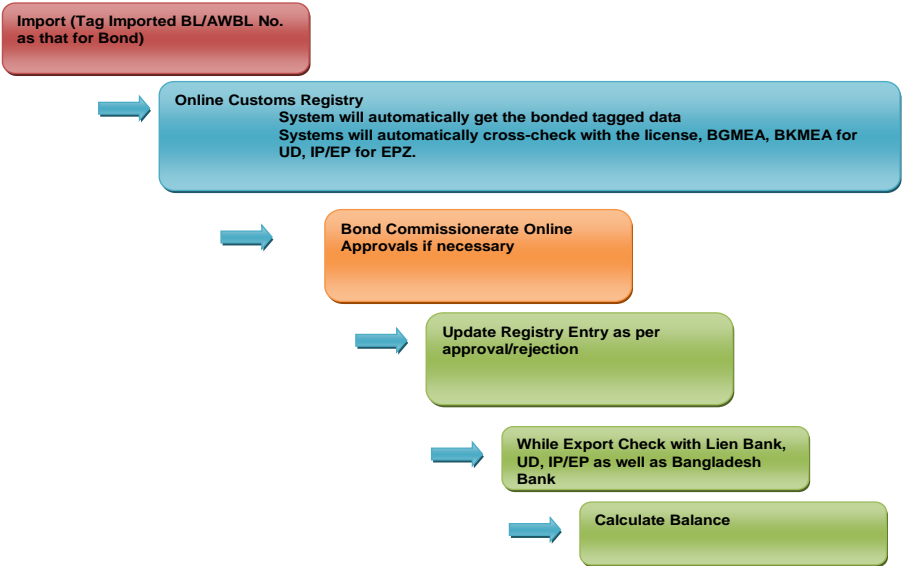


Chart 7

In -Bond Management for SBW & EPZ

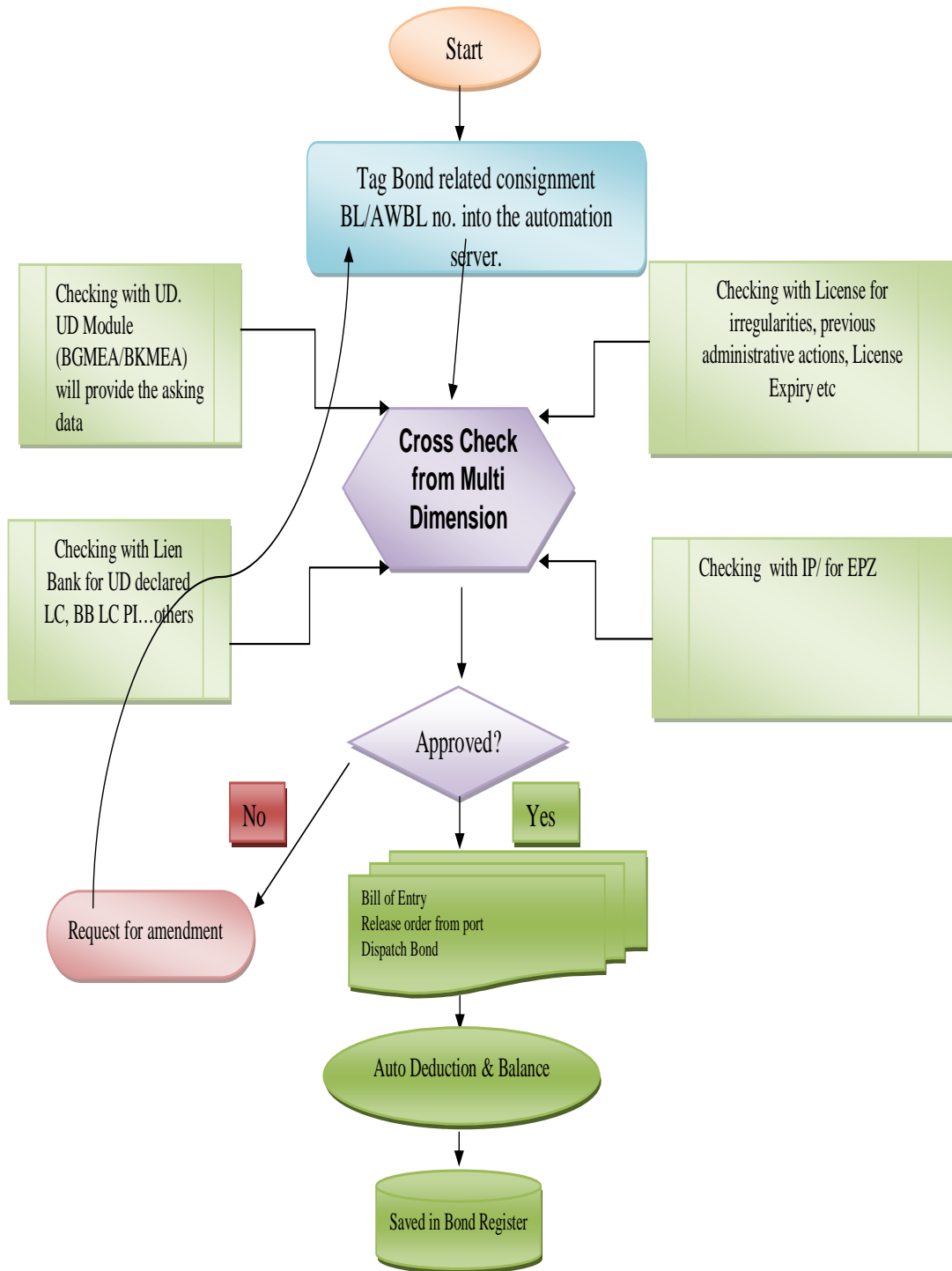
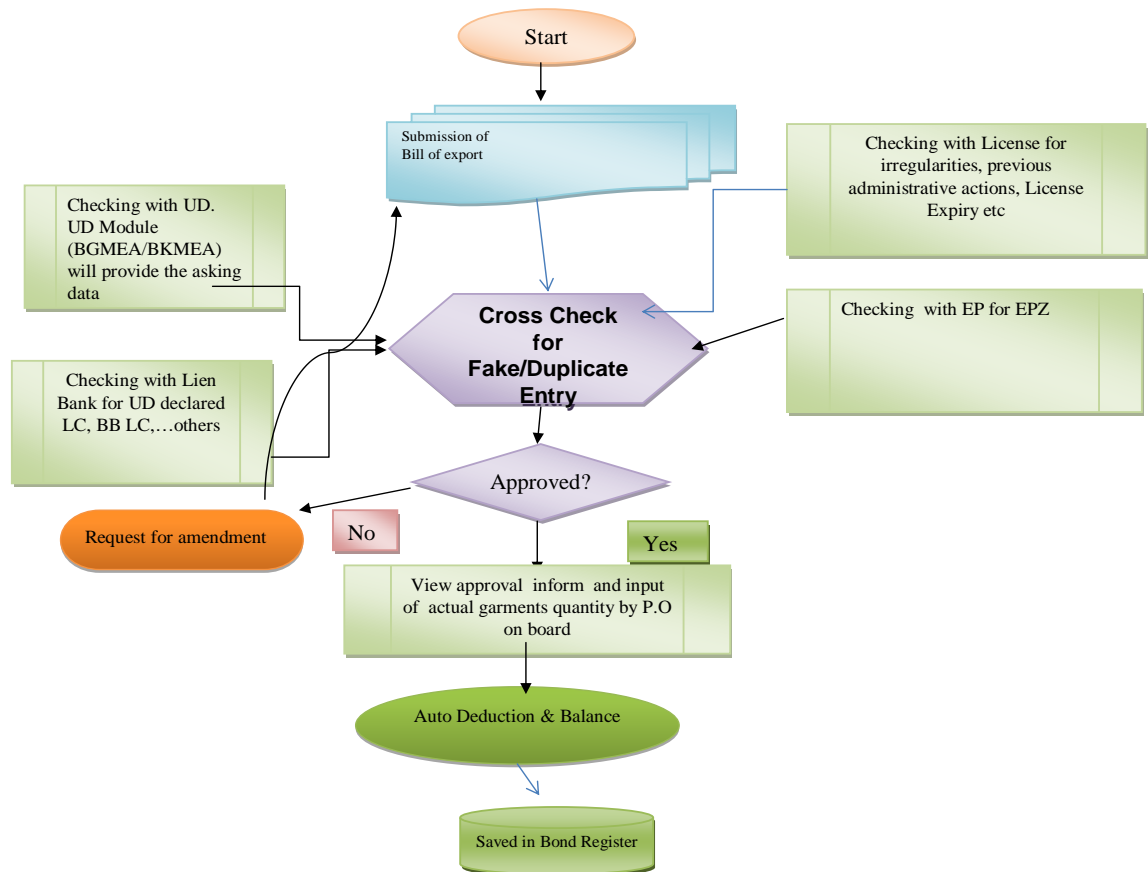


Chart 8

Ex -Bond Management for SBW & EPZ



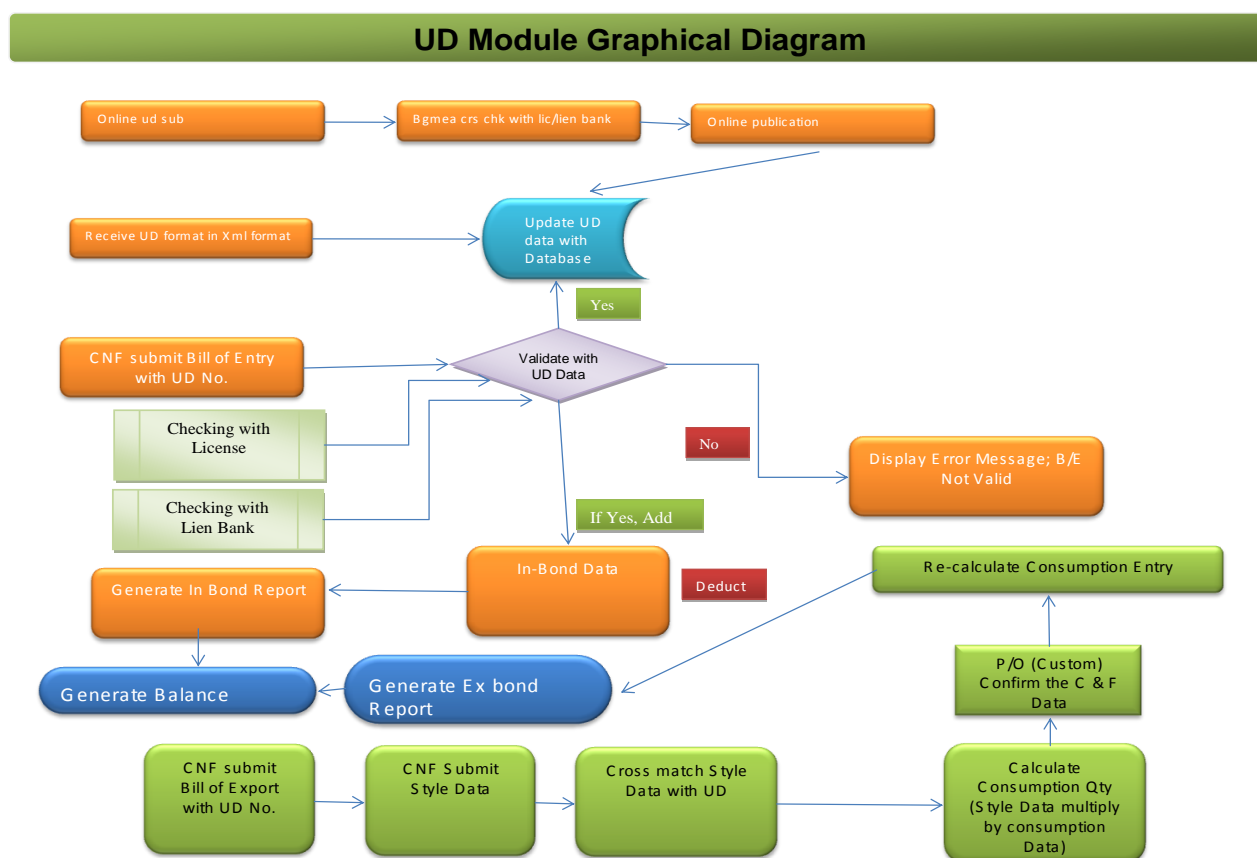
III. Utilization Declaration (UD) Module.

Now BGMEA/BKMEA do all activities related to Utilization Declaration (UD) by 100% Export Oriented oven & knit Garments bond Licensee. In fact Present System is clumsy, time consuming & there has scope for malpractice and misappropriation. Because, bonder submit documents for UD manually before BEMEA/BKMEA. After manual checking BGMEA/BKMEA approved UD and sent it manually to related stakeholder i.e. Customs House, Custom Station, Bank & Bond Commissionerate etc. Every stakeholder again check UD for his perpose manually. As there has no control over Utilization Declaration (UD) except manual checking bugs might be occurred. After introducing Automated Utilization Declaration [UD] all stakeholder could perform his/her job through on-line including necessary cross-check.

If we look into “UD Module Graphical Diagram” for proposed Automated System **shown at chart : 09** we see:

- (a) Bonder could submit UD application through on-line.
- (b) BGMEA/BKMEA could cross check UD application with Lien Bank and Bond Commissioneate.
- (c) UD will be published on the web.
- (d) Customs House, Customs Station, Bank & Bond Commissionerate could perform his job by click.
- (e) Electronic Bond Register will be updated as & when import or export will take palce.

Chart-9



IV. Audit & Risk Management.

After automation to generate Confidential Report for Bond Commissionerate will be easy. Customs Authority & related watch dog generally need following statement & report for Risk Management.

- (a) Consignment wise export/import statement
- (b) H.S. Code wise partial report generating with certain time span to identify/compare the actual unit price of the goods.
- (c) Consumption sheet or Markup Report

- (d) UP Value Addition
- (e) UD Value Addition
- (f) Yearly Audit Report

After Automation; System itself will generate required report. Management needs to make the System live only. That is after developing proposed Automation System for Customs Bond Commissionerate, if systems run then risk management will be very effective & monitoring system will be absolute transparent. Which in turn will protect misuse of bond facilities and also will be helpful for giving quick service to affluent Bonder/Exporter.

Conclusion:

Bond Customs Automation is a must. It will definitely expedite customs operation related to Bond Management by saving time and money. Now, its need to chalk out road map for proposed Bond Automation System. Workshop and Seminar needs to organize for communication among all the stakeholders, specially: BGMEA, BKMEA, BTMA, BCCAMEA, BPGMA, LFMEAB & Chambers. For Avoiding risk, participation and involvement of all the stakeholders in the Bond Customs Automation is obvious. Besides, National Board of Revenue (NBR) needs complete & a full scale -IT- strategy with a total Project Control Plan. NBR needs to have a Project Management Team, Project Development Team and Project Maintenance Team with define role.

The truth about any IT initiative is “CHANGE” & change is always unavoidable. Success of Bond Customs Automation will depends on NBR’s Change Management Strategy. In the Change Management all the stakeholders must be involved and convinced otherwise system will not work.