



Central Board of Indirect Taxes & Customs

Department of Revenue, Ministry of Finance, Government of India



World Customs Organization
Organisation mondiale des douanes

Symposium on E-Commerce and Customs Valuation

15 February 2023

Session 3: Members' and Operators' initiatives, experiences and issues

E-Commerce & Customs valuation

India's Data Driven Approach

P. N. Pandey

Additional Director General
National Customs Targeting Centre
Central Board of Indirect Taxes and
Customs, India

e-mail: pn.pandey@gov.in



Challenges

The value of **Indian e-commerce** was \$46.2 billion in 2020, expected to grow at 18.29 percent to \$136.47 billion by 2026.

The **cross-border e-commerce** valued at around US\$3 billion in 2020, expected to grow at a CAGR of 17.3%.

850 million internet users
800 million smart phones



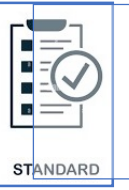
Increasing B2C and C2C transactions



Lack of Awareness of rules and regulations by SMEs, individuals, and **occasional buyers/sellers**



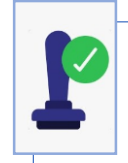
Fast moving environment



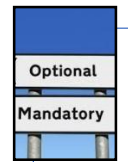
Safety, security, illicit trade risks



Poor data Quality



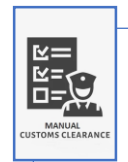
Data validation issues



Unstructured data



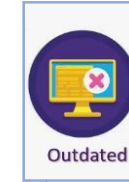
Advance Electronic Data (Post)



Manual Clearances – especially in Postal stream



Identity management




Interoperability of IT systems




Lack of appropriate Inspection equipment/resources




Absence of Data Exchange between and among stakeholders




De Minimis –
undervaluation/misdeclaration




Splitting of consignments




Misdeclaration of goods as
sample with No commercial
value




Misdeclaration of goods as
gifts



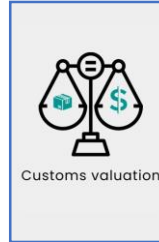
Generic Descriptions



Misdeclaration of goods in
commercial qualities or high-
value items goods under CTH
9804 (goods for personal use



House hold items/used items



Difficulty in valuation of
jewellery/ antiquities/art



India's simplified clearance process

- Implementation of with WCO Cross-Border Framework of Standards



Dedicated centralized web-based automated clearance System (ECCS)



Simplified regulatory framework to facilitate for courier parcels, and export of jewellery via e-Commerce



Simplified declarations with minimum data elements for express courier parcels

- 63 data elements in Courier Import declarations (more than 250 for Sea/Air)
- 81 data Elements in in Courier Export declarations (more than 200 for Sea/Air)



Advance electronic data



Liberalised AEO Programme for MSMEs - launched in 2021





Close engagement with stakeholders of Express Cargo through regular **Steering Committee** meetings



Dedicated website for ECCS providing legal instructions, list of authorized couriers etc. <https://courier.cbic.gov.in>



Compliance Information Portal - <https://cip.icegate.gov.in/CIP>



ECCS E-Mobility App and portal – facilitates checking and monitoring the status of declarations and duty payments



eSingle Window project for e-commerce under development



India's Initiatives to mitigate risks in E-Commerce - Valuation risks



Data driven approach



Data Driven risk management system



Identity management strengthened through KYC validation



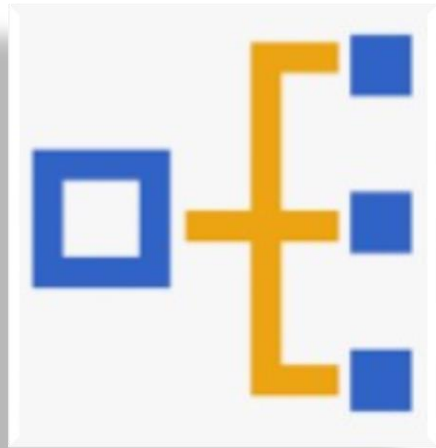
Import of goods as gifts prohibited since December 2019. Data analytics based targeting of misdeclaration of goods as gifts



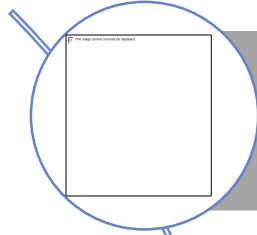
Leveraging Big Data and OSINT including Social Media to detect cases of misclassification/misdeclaration and undervaluation

Data-driven risk management initiatives

- Valuation risks



Data driven approach



Association Analysis and Network Analysis driven interdiction of import of **split consignments** at single address or by the same consignee at different addresses through different ports



Automated Targeting of Consignments of samples for valuation



Validation of HAWB weight and Import Declaration weight



Automated addition of freight and insurance in value

Multiple imports by a *combination* of Courier, Consignee and Consignor of personal items.



Import of Commercial parcels as personal use leading to duty evasion

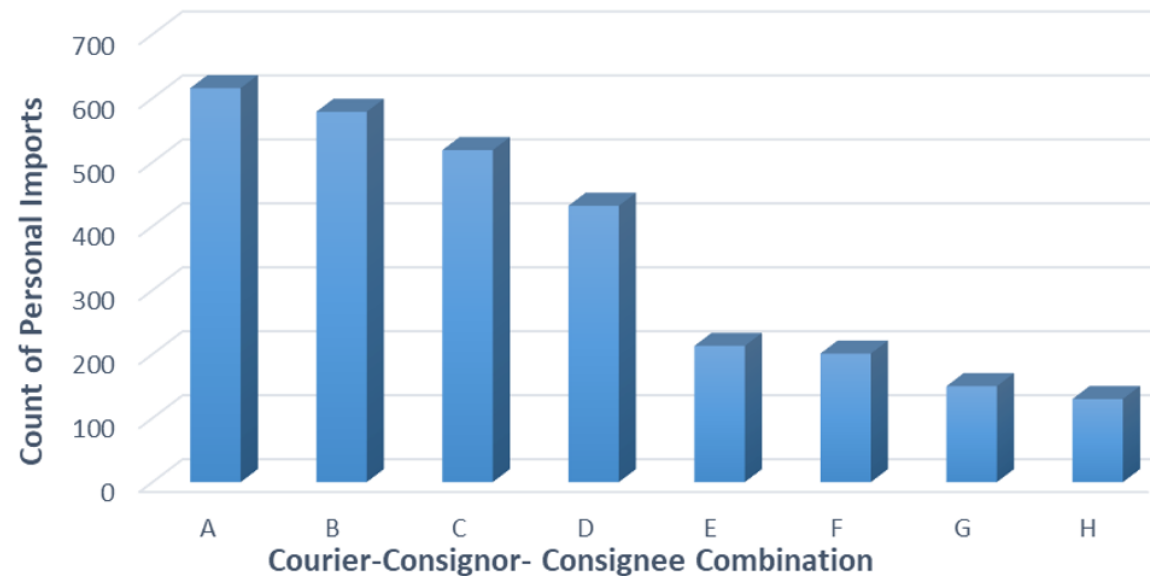
Courier

Data of personal imports was aggregated based on this *combination*

Consignor

Consignee

Imports by Top 8 Combinations in an year



Example II: Network analysis on e-commerce Supply Chain

Misuse of Identity/KYC



Import of commercial parcels as personal use, leading to duty evasion

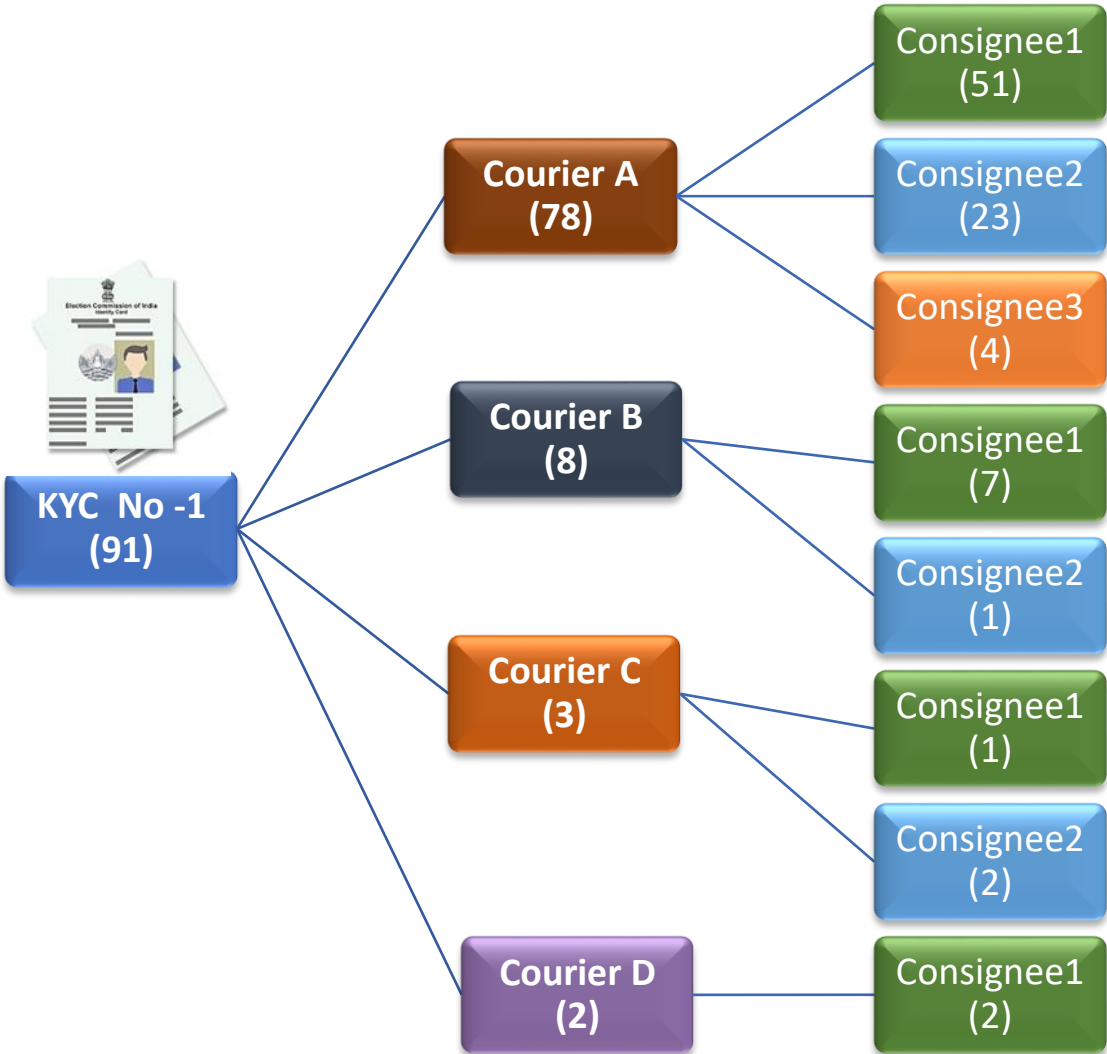


ZIP Codes



Consignee

Data of personal imports was aggregated based on this *combination*



Thank You!