

Yet another EDI-based drawback fraud detected; CBEC suspends 31 officers but none from Group 'A' so far!

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ANYBODY who deals in export and import of goods,

is bound to be familiar with one IT term - EDI (the Electronic Data Interchange) which CBEC is very proud of. EDI is the epicentre around which all Customs-related activities revolve today. Filing of bill of entry or shipping bill or drawback claims or refund - you name the activity, and the EDI comes into the picture. There are different cells which handle different sets of these customs works. This entails allotment of password to officials working there. And, going by the IT Security Protocol, the onus to maintain the secrecy of the password lies with individual officers. However, how careless and perfunctory these officials can afford to be, is a common site in virtually all Customs ports and Custom Houses across the country. A visitor from the private sector who visits the clearance zone and understands the deleterious fall-out of sharing of password gets horrified when he sees how office boys of CHAs use the Customs officials' passwords to the EDI at their own will. None cares as long as a fraud is not reported, and the lucre keeps swelling in concealed pockets of these officials, collecting a 'cut' for such quick facilitation of cargo!

Anyway, with such a work culture being omnipresent and also being tolerated by the supervisory hierarchy of the CBEC, a fraud of any magnitude cannot be ruled out from taking place any day! And this is what has **happened at Ludhiana CFS**

. Some unscrupulous elements allegedly joined hands with the departmental officers and went on collecting drawback payments without exporting anything. Dozens of shipping bills were filed, container numbers of consignments which were already cleared and railed away to the ports, were conveniently used and drawback payments were leisurely collected, and finally the booty was shared among all in a '*Ramrajya*' style!

Although the Administration has

suspended as many as 31 officers - largely Superintendents and Inspectors for their possible connivance in the entire scam but no action has so far been taken against Group A officers. How sternly the Member (Customs) is likely to deal with these Group A

officers who can be at least fixed for terrible dereliction of duty and failure of supervisory responsibilities can be construed from the fact that some of them have been given prized postings in the latest transfer orders. Does it mean that a crude attempt is being made to pass the buck only on junior officers? It is quite possible, and all the scams in the CBEC are live evidence of repeated failure of supervisory responsibilities of senior officers. It seems none care for one's charter of duties for various reasons like personal grievance against the system, personal greed or simply casual style of running the administration.

Let's go back to Ludhiana CFS

. A similar scam had taken place about three years back and the same was hushed up by the Board by shifting a couple of officials and closing the chapter. A similar EDI fraud had taken place in Delhi Customs where more than 300 exporters were brought under scrutiny and the case was handed over to the CBI. But this time, the CBEC may do it only after the exact magnitude of the fraud is quantified! However, this approach of the Board in the past did embolden the wrong-doers who got themselves regrouped again and followed the same modus operandi at the CFS

. They got access to the EDI and kept on utilising the vital inputs for filing shipping bills and happily utilised the service of phoney companies to withdraw the drawback payments. As much as **Rs nine crore has been swindled by one prime suspect called Amandeep Singh.**

He had created one fake company called M/s A S International. Two other fake exporters M/s Aastha Trading and M/s S M International have been found to have misused the EDI for committing the fraud.

This was first reported by the Customs Commissioner, Amritsar who quietly worked on the intelligence and then reported to the Chief Commissioner. What happened next? A few officers were simply transferred and a team was constituted to look into the fraud. Everything was done in such a casual manner that the fraudsters got enough time to dig out a safe burrow to hide themselves. This '**virus of lethargy**' somehow also travelled to North Block where the **Member (Customs) acted the way he acts on a policy file.**

The DG (Systems) was asked to look into the fraud. The DG (Systems) which has indeed brought laurels to the Board by winning Civil Services Award, could not show the earnestness which the fraud demanded from the top brass. The magnitude of the fraud is still unknown but some sort of investigation is going on in a leisurely fashion. The Board should have acted promptly to refer the case to Vigilance and other agencies under it. But the **Member (Customs) seems to have slept over the file for more than a fortnight and could not decide!**

It seems after the issue was brought to the notice of the Chairman and the Board, pressure was mounted on the local administration to suspend some of the officials. Thus, 31 officers have been suspended but none from the Group A. **What about the connivance angle?**

Late initiation of a probe may help the culprit to eradicate the physical evidence of their involvement. It is a fit case for CBI investigation as the **virus of fraud has developed the tendency to repeat itself at Ludhiana CFS.**

Ironically speaking, the DG (Systems) has indeed done huge amount of good work to computerise and make it online for the customs clearance but it seems to have ignored the security dimension of the EDI system. It should have worked on elaborate security protocol which could not have allowed **even one or two of its own officials to play truant** with the entire database. Given the fact that a CHA boy can enter and **play violence with the EDI's vital data**, it tends to indicate the failure of the System.

Another evidence of such a failure can be seen from the latest Customs fraud case booked against the HP Computers. RMS (Risk Management System) has been one of the Customs prized modules. And ACP

scheme is another one launched for quick trade facilitation. But let's see the irony - the HP Computers has been availing the ACP scheme for long but the RMS software could not detect the manipulation done by the MNC. It was finally left to the DRI

sleuths who could do the job, and it has turned out to be one of the biggest commercial fraud cases in the recent history. Facilitation is certainly a welcome activity of the CBEC but it seems to have forgotten its moorings that it is a Revenue earning agency at the end of the day, and **not an extension of the DGFT or Ministry of Commerce.**

The Post-Clearance Audit scheme of the CBEC has been a grand failure. It has not taken off to neutralise the risk of fraud and revenue leakage. The RMS has taken off but **unless it is backed by an effective Post-Clearance Audit regime**, all the hard work to facilitate the trade comes to a nought for the exchequer.

Though this fraud in Ludhiana has been detected and the magnitude of the same may not run into hundreds of Crores but the common taxpayers should not be getting shocked when the Customs may lose huge revenue in future unless drastic change in approach is affected. What calls for plugging the revenue leakage more is the fact that the Customs tariff has been brought down to the minimum and whatever little revenue is due to the exchequer must be collected with iron hand. But the CBEC seems to be following a **lop-sided approach of excessive facilitation without compliance.**

Since it has been going against its own original character, it seems to be messing up with the exchequer's interest!