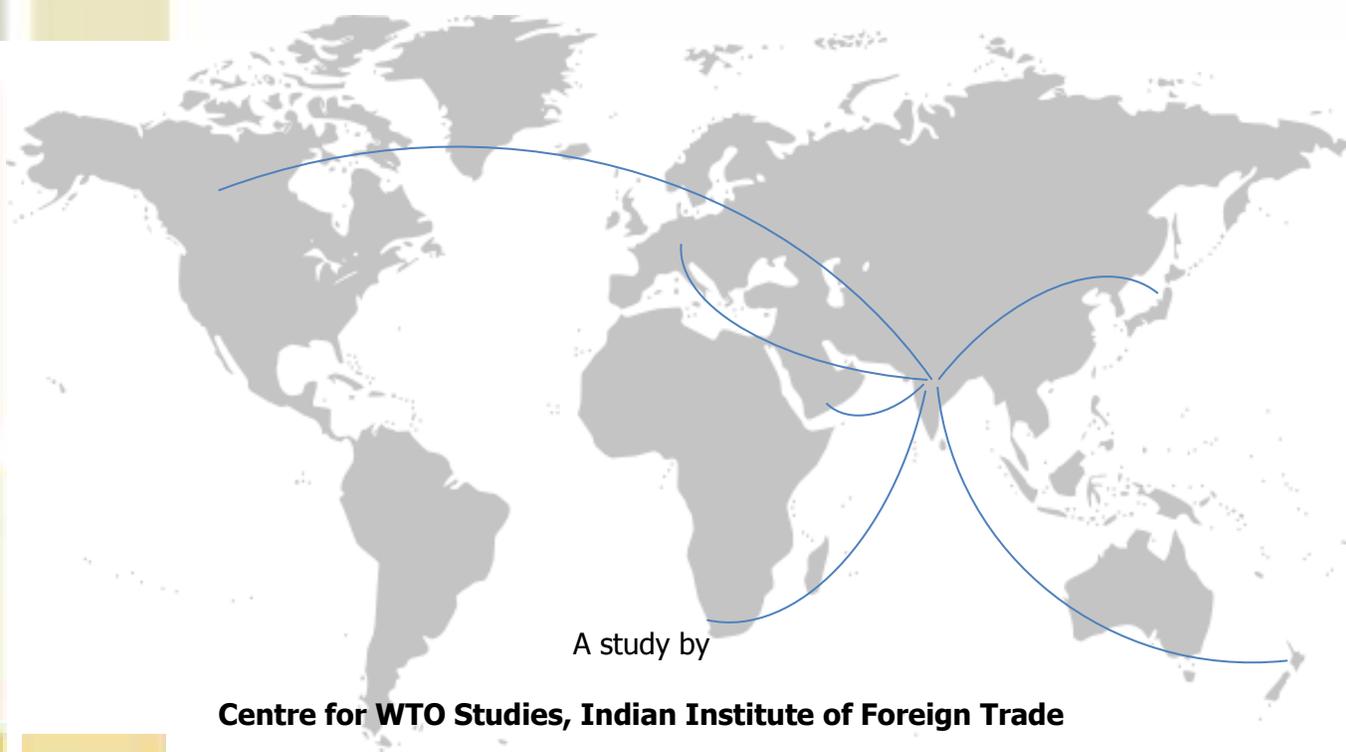


TRADE FACILITATION GAP ANALYSIS FOR BORDER CLEARANCE PROCEDURES IN INDIA



A study by

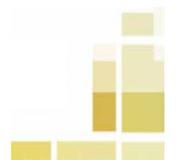
Centre for WTO Studies, Indian Institute of Foreign Trade

in association with

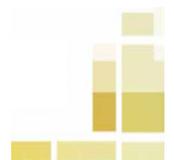
Ace Global Private Limited, New Delhi

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Preface

This Study presents the research, findings and recommendations resulting from the study on *Trade Facilitation Gap Analysis for Border Clearance Procedures in India*, undertaken on behalf of the Centre for WTO Studies, Indian Institute of Foreign Trade, New Delhi, and supported by Ministry of Commerce, Govt. of India. The Study is authored by a Team constituted by Centre for WTO studies, comprising of Mr. Joseph Dominic, former Chief Commissioner of Customs; Mr. Shashank Priya, Professor Centre for WTO Studies; and Mr Pankaj Agrawal, Director, Ace Global Private Limited.

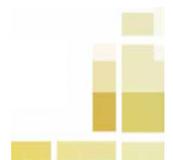
The objective of the Study was to carry out an analysis of the domestic Trade Facilitation measures undertaken, identification of the continuing bottlenecks, if any, and also to examine the aspects of trade facilitation negotiations in WTO. Thus the Study seeks to present a road map for further trade facilitation steps to be taken by various stakeholders as well as providing a broad backdrop to trade facilitation negotiations in WTO.

This Study has benefitted from the significant inputs and feedback provided by International Customs Division, Central Board of Excise and Customs, Department of Revenue, and extensive consultations with other Government and private sector stakeholders. The recommendations presented in the report have been developed by the Study Team, based on the stakeholder inputs as well as data available from official sources.

New Delhi

Study Team

16 March 2012



Acknowledgments

The Study Team gratefully acknowledges the support of the Department of Commerce and the Department of Revenue of Government of India in supporting this Study.

The Study Team expresses its deep appreciation towards the Central Board of Excise and Customs (CBEC), Department of Revenue, for extending all cooperation through its International Customs Division by sensitizing the select field formations to share information and facilitate interaction with a wide cross-section of stakeholders in understanding the trade facilitation problems faced at the field level. The team will also like to thank the officers of Directorate of Systems in CBEC for sharing the data regarding clearance of goods and Mr Ataur Rahman, Additional Commissioner of Customs, JNCH, for providing information relevant for Nhava Sheva Customs.

The team further acknowledges the inputs and feedback shared by a large number of stakeholders, namely importers, exporters, port/CFS/ICD operators, shipping agents, air cargo agents, custom house agents, various concerned Govt. agencies and trade promotion bodies.

The Study Team particularly wishes to thank Mr. J K Batra, retired Member,, CBEC and Member Advance Ruling Authority, Shri N. Sasidharan, retired Chief Commissioner of Customs; Mr. Jagdish Chander, retired Additional Commissioner of Central Excise for sparing the time and effort to review an earlier draft of this Study and providing valuable inputs and suggestions on the same. The Study Team also thanks Federation of Indian Chambers of Commerce, Federation of Freight Forwarders Association of India and Delhi Customs Clearing Association who partnered the Centre for WTO Studies to



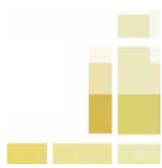
organize a Seminar on 29 February 2012 on this Study which elicited some valuable inputs and these have been incorporated in the Study.

Sincerely,

Joseph Domonic

Shashank Priya

Pankaj Agrawal



TRADE FACILITATION GAP ANALYSIS FOR BORDER CLEARANCE PROCEDURES IN INDIA

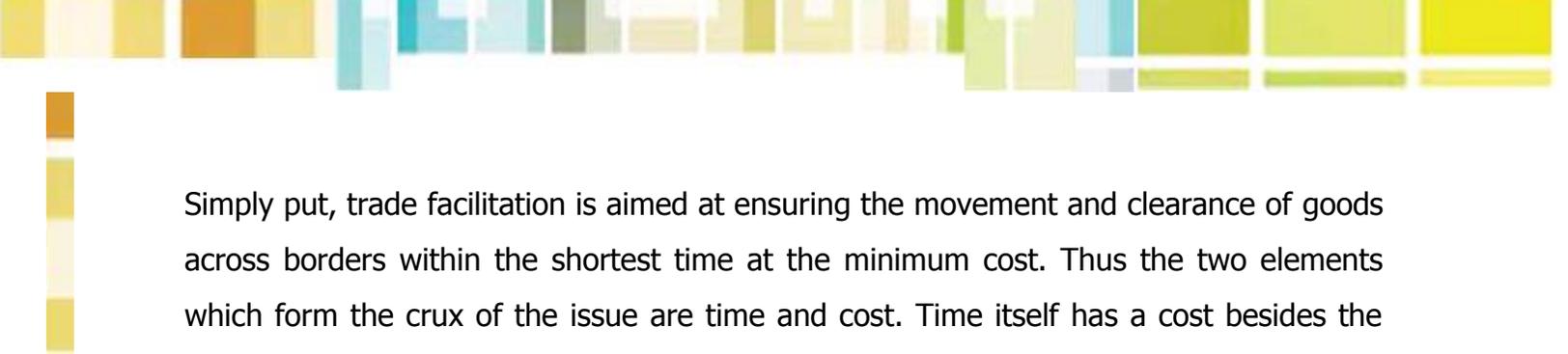
1. Introduction

The awareness of trade facilitation is as old as trade itself. Many of the international trade agreements are designed to achieve this objective. Trade Facilitation as an independent concept gained currency with the ongoing Doha Round of WTO negotiations. In an environment of acute competition and diminishing business margins, trade facilitation measures are perceived to be one of the means to meet these challenges.

1.1 Background

Trade Facilitation as a measure of trade promotion has come to occupy a significant place in the international discussions on trade in the recent past due to the urgency shown by the international community in liberalizing trade. Trade facilitation is the term used to denote all steps for simplification of procedures and reduction of costs in the course of international trade. The mission statement of the UN/CEFACT at its Tenth session, 17-19 May, 2004 stated as follows:

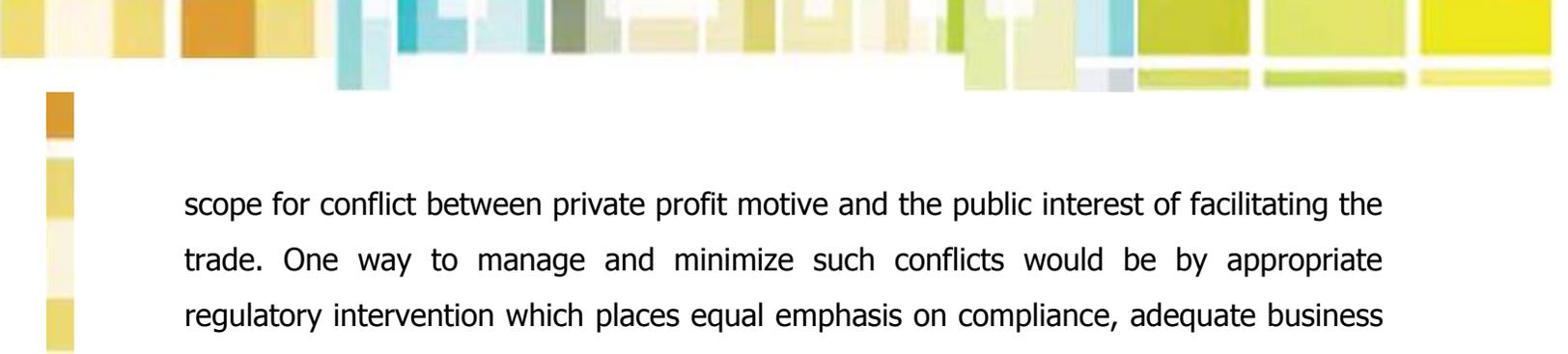
"The principal focus is on facilitating national and international transactions, through the simplification and harmonization of processes, procedures and information flows and so contribute to the growth of global commerce." The definition used in the Singapore Ministerial Declaration was *'simplification of trade procedures in order to assess the scope for WTO rules in this area'*. The Doha Ministerial Declaration defined trade facilitation as *'further expediting the movement, release and clearance of goods, including goods in transit'*.



Simply put, trade facilitation is aimed at ensuring the movement and clearance of goods across borders within the shortest time at the minimum cost. Thus the two elements which form the crux of the issue are time and cost. Time itself has a cost besides the cost incurred in monetary terms. Therefore, trade facilitation would mean addressing these issues and attempting ways and means to minimize the cost and time taken for movement of import and export cargo.

In a vast country like India, with a large number of customs clearing points, the challenge for effective trade facilitation is a continuous one. India has presently 12 major ports, 187 minor ports and many private notified ports. In order to help clearance of goods in India's hinterland, which helps reduce congestion at the port and enables traders to get goods cleared at their doorstep, 155 Inland Container Depots (ICDs) and Container Freight Stations (CFSs) are functioning in the country and another 89 are at different stages of development. For clearance of air cargo, there are 36 functional international airports. There are 138 Land Customs Stations (LCSs) along India's international borders, of which 66 are functional LCSs. Facilitating import and export trade through all these entry and exit points pose a mammoth task which can be achieved only by simplifying documentation and procedures not only with regard to Customs but also with regard to the other agencies, both public and private, involved. Therefore it is essential to identify such agencies who are the stake holders in trade.

There are a number of stake holders involved in the smooth conduct of trade. Trade facilitation is a process where each of these stake holders has to play his part promptly with commitment and at the lowest cost. These stake holders are public authorities as well as private businesses. While public authorities are discharging responsibilities cast on them under the law, private businesses who are involved are often motivated by their private gain. The guiding force for public authorities while discharging their legal duties is often the need for strict compliance with the regulatory laws which may not always be conducive to the needs of trade facilitation. Therefore, there is a need to sensitize the public authorities on the requirements and importance of trade facilitation without compromising the needs of the law. For the private players, there is always



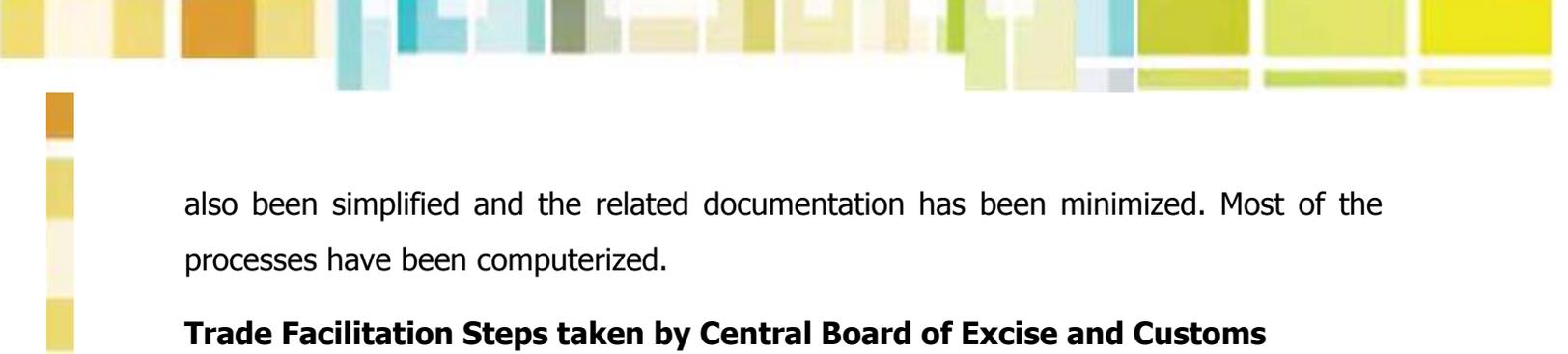
scope for conflict between private profit motive and the public interest of facilitating the trade. One way to manage and minimize such conflicts would be by appropriate regulatory intervention which places equal emphasis on compliance, adequate business returns and trade facilitation.

Some estimates suggest that the transaction cost in imports and exports in India is around 15 per cent of the cost of the goods. The dwell time studies conducted by the Customs Department indicates that in India, the average time taken by import consignments for clearance is 10 days after landing. In Chennai Custom House the overall average time taken for grant of out of charge, from the date of entry inwards, is 251 hours. The Nhava Sheva Customs, on their website, have given the average time taken as 313 hrs for February 2009.

The transaction cost of 15% mentioned above, is inclusive of the cost incurred due to such detention. As the total trade of India including imports and exports is US\$ 490 billion (2008-09), the transaction cost works out to almost US\$ 75 billion. If the time taken for clearance of import and export cargo can be brought down by 5 days from the present 10 days, there will be significant savings for the economy as a whole.

This is only to highlight the importance of Trade Facilitation to the economy. Further, competition in the international market place is getting more and more intense and unless India incrementally improves the efficiency in expediting the flow of goods at minimum time and cost, its competitiveness in international market would continue to be adversely affected. India has not been oblivious of the importance of trade facilitation. This is well exemplified by several steps taken during the last decade to facilitate trade at the borders in tandem with adoption of a more open and liberal economic policy. In the last ten years India has seen the implementation of several measures for the purpose of liberating trade and facilitating India's Foreign Trade.

The Foreign Trade Policy has been simplified and made user-friendly by making the procedures simpler. The quantitative restrictions in imports have been completely removed and other restrictions on imports have been simplified. Export trade policy has



also been simplified and the related documentation has been minimized. Most of the processes have been computerized.

Trade Facilitation Steps taken by Central Board of Excise and Customs

The Customs procedures have also witnessed a dramatic simplification by reduction in documentation, examination and assessment procedure. The reduction in rates of taxation has also contributed to the faster flow of trade to some extent. The most important step with far-reaching consequences has been the computerization of documentation and procedures.

In the 1990s, Central Board of Excise and Customs (CBEC) adopted Information Technology in right earnest with the launch of the Indian Customs EDI system, or ICES, which automated the workflow process related to clearance of import and export consignments. Remote filling of import and export documents, and manifests was also enabled. Subsequently, in 2002, an electronic commerce portal (Indian Customs and Excise Gateway, or ICEGATE), was implemented for transacting regular business with taxpayers over the Internet. The Risk Management System or RMS, launched in 2005, provided for clearance of low-risk consignments without assessment or physical checking.

The Accredited Client Programme (ACP) is a major element of the risk management strategy. Under this programme, clients who are assessed as highly compliant are given assured facilitation by the RMS. The ACP is designed to provide recognition and the incentive of facilitation to clients who maintain high levels of compliance and a clean track record with customs.

In order to get the ACP status, the trader concerned has to satisfy certain laid down criteria with respect to volume of transaction/duty payment. They are also required to maintain the required level of compliance once they are approved for the benefits of the ACP which is typically given for one year and renewable thereafter. The clients who are approved under ACP get assured facilitation. This implies that consignments of ACP clients would be considered as low risk and normally such import consignments of ACP

clients will not be subjected to examination. Customs also works with the Custodians at the various ports/airports to ensure that their cargo is delivered quickly. Once an entity is approved for ACP, then it will be eligible for its benefits at all ICES locations.

CBEC has made constant efforts to modernize and upgrade its automation initiatives. For instance, ICES has been upgraded and has been ported on the central infrastructure, i.e. servers in the national Data Centres. In the future, it is planned to extend the RMS to exports and courier clearance. The RMS team of Directorate of Systems has also developed a module for Import General Manifest (IGM) based selection of containers for electronic scanning.

Through the facility of ICEGATE, the department has offered a host of services including electronic filing of the import and export documents and related electronic message between Customs and the trade, using a choice of communication facilities. Apart from transactions relating to manifests, transshipment and release advices, ICEGATE provide helpdesk function on a 24 X 7 basis. Customs response to trade is communicated electronically, and a document tracking system enables the clients to know the latest status of their documents. There has been a constant rise in filing customs documents through ICEGATE since its introduction.

National Import Database

National Import Database (NIDB) is a powerful assessment tool for Customs officers and a Decision Support System. Starting from November 2001, this Project has been implemented in four phases. For the officers engaged in day to day assessment of imported goods at various Custom stations in India, the NIDB provides instant information to compare declared values with contemporaneous import prices as well as current international prices of identical and similar goods. This enables them to take well-informed decisions on valuation and classification of imported goods and to prevent loss of revenue on account of under valuation or mis-declaration.

Scanners

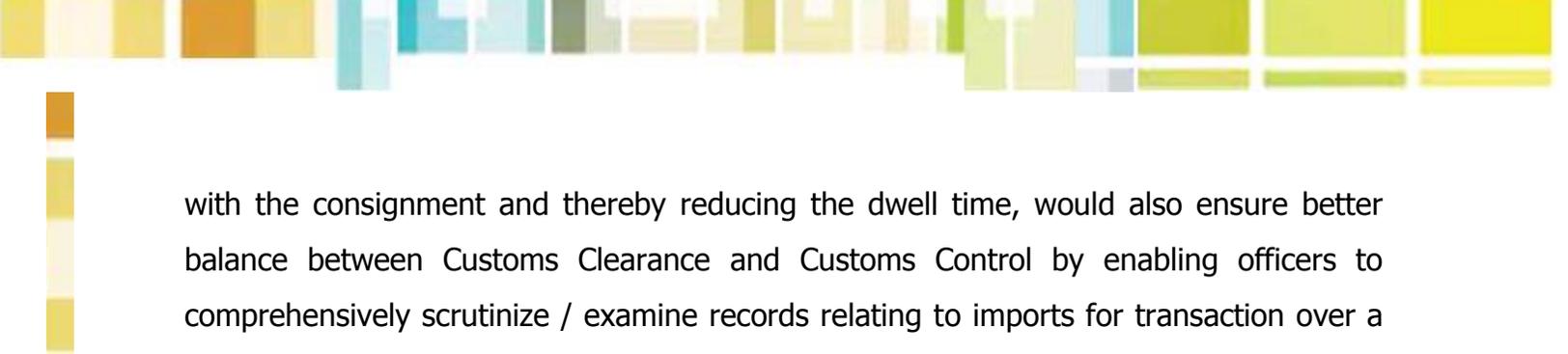
The CBEC has installed Mobile Gama Ray Container Scanner and fixed X-ray scanner at some of the important Customs Stations. This has helped in curbing malpractices like mis-declaration and concealment of goods and also acts as a deterrent from national security perspective.

Handling of Cargo in Customs Area Regulations, 2009

In order to improve the functional efficiency in Customs areas like ports /Inland Container Depots (ICDs) / Container Freight Stations (CFS) / airports / Land Customs Stations (LCS), 'Handling of Cargo in Customs Areas Regulations, 2009' have been framed to set out the terms and conditions to provide all requisite facilities where imported or export goods are received, stored, delivered, dispatched or otherwise handled in a Customs area. The Regulations are aimed to provide an effective mechanism for regulating the activities of the ports /ICD/CFC/ airports/LCS in so far as it related to receipt, storage, delivery and dispatch of imported / export goods in Customs Area are concerned.

Post Clearance Audit Scheme

CBEC is modernizing its system of customs control by upgrading and revamping its audit functions. A system of transaction based Post Clearance Audit (PCA) has been operational since implementation of Risk Management System (RMS) in 2005. Under this system of PCA, a few Bills of Entry are selected for audit after clearance of imported goods. This system of auditing Bills of Entry involves verification of the correctness of declarations for a particular transaction only and does not result in comprehensive scrutiny of documents, financial records and accounting system of importers so as to detect any possible undervaluation or misuse. Therefore, a Scheme of On Site Post Clearance Audit is envisaged which shall provide a system of verifying correctness of declarations at the premises of importer after clearance of goods. This system while providing expeditious clearance of goods depending on risk associated



with the consignment and thereby reducing the dwell time, would also ensure better balance between Customs Clearance and Customs Control by enabling officers to comprehensively scrutinize / examine records relating to imports for transaction over a period of time. Implementation of On Site Post Clearance Audit will also be in tune with standards of Revised Kyoto Convention, an International convention on Customs Procedure, of which India is one of the contracting parties. In such an audit, the sale, purchase, usage of imported goods, financial records etc are examined by the auditors in detail. This audit work is proposed to be undertaken by dedicated officers of specialized cells. Necessary legal provisions have been incorporated in the Customs Act under Finance Act, 2011. It is proposed to implement on site Post Clearance Audit Scheme selectively which would cover importers having ACP Status to begin with.

In addition to these changes at the Policy level and the use of Information Technology, several trade facilitation measures have been taken at the operational level by the Customs Houses in various Ports. At the Jawaharlal Port, Nhava Sheva, the system of E-Payment of duty has been put in place. The port has also introduced a system of container tracking for monitoring the movement of containers from the Port to the CFSs which are located at considerable distances. It is reported that there is a System customs examination even after the office hours to expedite the clearance. In order to reduce delays in the collection of samples for chemical tests etc. to be conducted by the Customs Department as well as other allied agencies like Drug Control Authorities or Quality Control Authorities, the Customs Department has streamlined the procedures in consultation with these agencies.

Despite the positive steps taken for trade facilitation, the task remains unfinished and further concerted efforts are needed on the part of all stakeholders. There still exist procedural, legal and administrative bottlenecks which constrain the free flow of Import and Export Trade and act as barriers to India achieving her rightful place in the international market place. Coupled with this domestic need is the need for India to take a proactive position in the ongoing negotiations at the WTO on trade facilitation.

1.2 Objective and Scope

In light of the above, the Centre for WTO Studies at the Indian Institute of Foreign Trade (IIFT) has commissioned this study on trade facilitation to carry out domestic Trade Facilitation gap analysis, i.e. the gap between autonomous trade facilitation steps undertaken and the continuing bottlenecks, if any. It also seeks to broadly examine the aspects of trade facilitation negotiations in WTO.

The study is supported by Ministry of Commerce, Government of India and by Central Board of Excise and Customs, Department of Revenue.

In this study, attempt has been made to identify those areas on account of which smooth flow of trade is hampered by constraints which can be easily removed. In addition, certain long term measures are also recommended. Facilitation of trade calls for a change of mindset on the part of public authorities who are at present more in tune with the regulatory environment prevailing in India for decades. The study also touches upon certain areas where the importers and exporters incur unnecessary costs, which indirectly impedes the growth of foreign trade by increasing the transaction cost.

1.3 Methodology

A Study Group has been constituted for undertaking this study, comprising of:

- Experts from Centre for WTO Studies at the Indian Institute of Foreign Trade (IIFT)
- Ace Global Private Limited, a consulting firm with relevant experience
- An independent expert, a retired Chief Commissioner of Customs, with in-depth knowledge and hands-on experience in trade facilitation policies and procedures

The Study Group identified the following operators/agencies as the main stake holders in the process for trade facilitation.

- Importers
- Exporters
- Shipping Agencies/Air cargo agencies
- Custom House Agents (CHAs)
- Port Operators (Sea /Air)
- Container Freight Stations (CFSs) and Inland Container Depots (ICDs)
- Government regulatory and promotional bodies
 - Customs Departments
 - Director General Foreign Trade
 - Apex industry bodies such as Confederation of Indian Industry (CII), Federation of Indian Chambers of Commerce & Industry (FICCI), Bengal National Chamber of Commerce & Industry (BNCCI) etc.
 - Sectoral trade promotion agencies such as Apparel Export Promotion Council (AEPC), Engineering Export Promotion Council (EEPC), Chemical & Allied Export Promotion Council (CAPEXCIL), Sports Goods Export Promotion Council (SGEPC) etc.
 - Other Agencies like Port Health Authorities, Plant Quarantine authorities, Drug Control authorities etc.

A survey was conducted among the above stakeholders at selected field stations, representing a mix of EDI/non EDI ports as well as sea / airports and land borders.

Airports	Delhi Bangalore Chennai
Sea ports	Nhava Sheva Kolkata Chennai Vizag
Land border / Transit	Raxaul Petrapole
ICD / CFS	Tughlakabad / Patparganj Nagpur

The interaction with the stakeholders was inter alia aimed at understanding the rationale of the prescribed procedures and the constraints under which they perform their roles. To facilitate this process, questionnaires were circulated to these agencies to identify the documentation, administrative processes, legal requirements etc. which constrained the free flow of goods and also to get suggestions for improvement, modification and facilitation for such free flow. Questionnaires used for interactions with different stakeholders are placed at Annex 1 (a) to (l).

The questionnaires were issued to the stakeholders via e-mail / courier directly as well as through the offices of the Customs Department at important ports. The data collected from the responses of these agencies were collated. This data was further reinforced and supplemented by the discussions the Study Group had with major stakeholders at Bengaluru, Chennai, Delhi, Kolkata and Mumbai ports/airports visited by the Study Group. It has to be admitted that the response has been less than encouraging either because of the fear of compromising the requirement of business confidentiality or because this was perceived as an attempt to interfere with commercial processes and the consequent curtailment in the profit of private players. Despite these constraints and limitations, the Study Group was able to gather substantial data which has formed the basis for the conclusions arrived here. After the data was collected it was noticed that the responses to the same question from different agencies were often conflicting and at times contradictory, possibly on account of differing perceptions and interests. The Group had to balance these views and iron out the inconsistencies and arrive at conclusions representing the views of a majority of stakeholders.

- **Sample size**

In all a total of about 230 stakeholders provided their feedback / inputs for the study, through discussions held by the Study Group as well as through the survey, as per details in the table below:

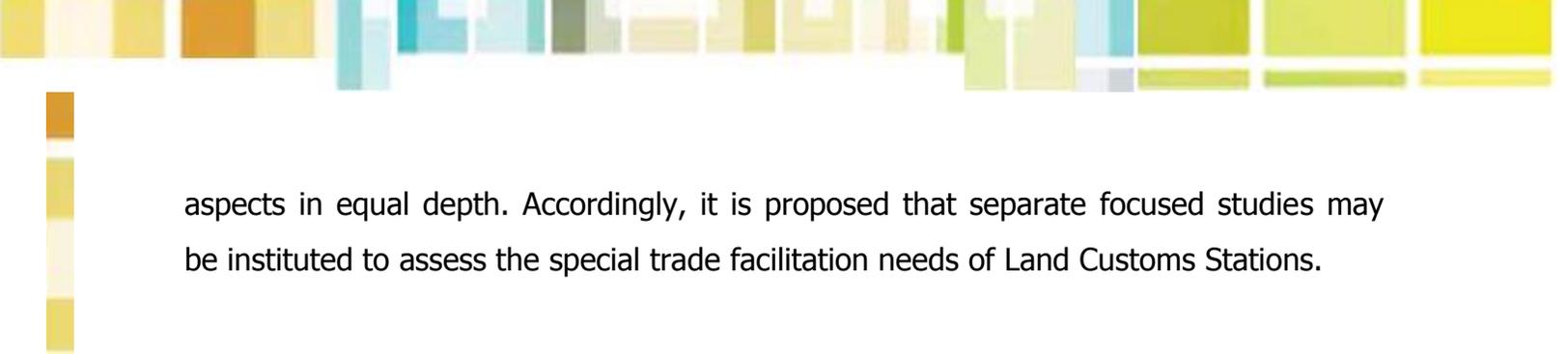
Stakeholders	No.
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Customs authorities and other govt. agencies like Port Health Authorities, Plant Quarantine authorities, Drug Control authorities etc.	15
Importers and Exporters	150
Shipping Agencies/Air Cargo agencies	8
Custom House Agents (CHAs)	34
Port Operators (Sea /Air)	6
Container Freight Stations (CFSs) and Inland Container Depots (ICDs)	9
Apex industry bodies and trade promotion bodies	7

The Study Group spent more time and effort in identifying the bottlenecks in the clearance of import cargo because there is no doubt that the legal and procedural complexities and consequent delays in import clearance are of a much higher order than in the case of export clearance. Import goods apart from being subject to customs duty, also face a number of non-tariff barriers. The procedure for control and assessment of these goods to import duty itself is complex and the additional requirements of meeting the standards of health and quality call for chemical tests and more documents.

At the same time, in view of the importance of exports for the overall balance of trade of the country, the Study Group spent considerable time to focus on the different aspects of export clearance, particularly on the impact of the export promotion schemes on the export clearance.

Since more than 90% of the imports and exports take place by sea, the Study Group based the study on the procedures for clearance of sea cargo. However, given the growing importance of air cargo in the international trade of India, the Study Group has highlighted certain aspects of air cargo clearance when the need was felt. Further, the Study Team also recognizes that the issues and constraints faced in movement of goods through land borders (particularly at the Land Customs Stations in the North Eastern states) are quite unique. However, given the broad scope of the study and the limited resources available for this study, it was not possible to delve into all these



aspects in equal depth. Accordingly, it is proposed that separate focused studies may be instituted to assess the special trade facilitation needs of Land Customs Stations.

Trade Facilitation related developments in WTO: The study also briefly surveys the developments in ongoing negotiations on trade facilitation and the possible areas of convergence and divergence in taking commitments, keeping in view the domestic situation.

Based on the above, the key findings of the study are provided in the following sections of the study.

2. Imports

2.1 The Initial Stages

The procedure for import starts with the placement of an order for any goods in the country of supply or manufacture. While some amount of paper work particularly in Banks is involved prior to shipment of goods, the focus of the Study Group was more on the movement of goods after they reach the shores of India.

Once the goods are shipped from the foreign country either by air or by ship, there is a need for concerted effort by all the agencies involved in ensuring movement of the goods from the originating point to the destination within the shortest possible time. This would mean reduction of transport time, minimizing transshipment and expediting movement at every stage. Since these processes take place in foreign countries and as they are not within the control of Indian agencies, this Study does not dwell upon these aspects; instead it concentrates more on the steps that can be taken within India to facilitate trade.

Before identifying these steps, it is necessary to identify the processes and procedures which tend to slow down the flow of goods.

2.2 Clearance Procedure

The import cargo which is brought to India by sea is first unloaded at any of the notified Ports. The recent trend is that instead of the cargo being stored by the Port Authority until its clearance, it is being shifted immediately to the Container Freight Stations (CFSs) established in and around the ports, which are legally recognized and treated as an extension of the Ports. The Ports are at present playing the role of terminal operators which ensure the safe unloading /loading of the cargo.

The CFSs are set up and managed by both public sector and private sector companies. They are legally recognized as custodians of import and export cargo. While the goods



are in the custody of the CFSs, the necessary documentation with Customs and other agencies, if any, is completed and the goods are examined and the duty is paid. Thereafter, the goods are cleared from the CFS after discharging the liabilities, if any. The CFSs have to mandatorily have the Customs EDI infrastructure necessary for feeding the data relating to the cargo in their custody and also to do the assessment on-line.

As an additional measure of trade facilitation, the Government of India has permitted the setting up of a number of Inland Container Depots (ICDs) in interior cities and towns with considerable concentration of industries or with potential for exports. These ICDs function like dry ports and the cargo is allowed to be transhipped to them for final clearance. The ICDs are also custodians of import cargo and have facilities for customs clearance in their premises, thus serving the purpose of making the goods available at the doorstep of the importers at the minimum additional cost.

Though the Government has been liberal in sanctioning ICDs and CFSs in large numbers, the general observation from the users was that the infrastructure in these facilities left much to be desired. The shortage of equipments and labour and shortage of facilities for faster clearance of cargo has been commented upon by a large number of importers, exporters and Customs Agents with whom the Study Group interacted. They also pointed out that the shortage of officers was another constant problem dogging these Freight Stations. The Government, after granting permission to the private and public agencies to open the ICDs and CFSs, was indifferent to the requirements of customs staff for them, thus defeating the very purpose for which they had been opened.

The Government has notified the Handling of Cargo in Customs Areas Regulations in 2009 where the responsibilities and obligations of the CFS/ICD Operators have been spelt out. Providing proper infrastructure and equipments is one of the basic obligations of the Operators. Thus the operators are now legally bound to provide all facilities to the trade for faster clearance and in fact, the Customs Department can take legal action to enforce the responsibilities and obligations of the CFS operators. The Study Group felt that the Trade Facilitation environment can be improved through a more proactive approach of the Customs Department in enforcing the provisions of the above mentioned law.

It is equally disturbing to note that the ICDs and CFSs do not have sufficient customs officers to ensure faster clearance. In fact the members of the trade pointed out the

woeful shortage of Customs officers in Ludhiana ICD. We understand that it is not an isolated case; such shortage of officers exists in most of the ICDs.

After sanctioning the ICDs and after attracting the trade to such ICDs, if the clearance is delayed unduly due to lack of officers, it is a great setback to the Trade Facilitation efforts. If the ICD was not in existence near the place or factory of the exporters or importers, they would have got the clearances done at the Port of export or import. Instead, they transship the goods to the ICDs in the hope of faster clearance and then get stuck there due to the shortage of officers. The initial enthusiasm shown in sanctioning the ICDs should be matched by subsequent interest in ensuring their upgradation and maintenance with all facilities.

In India, Ports are recognized as an essential infrastructure, indispensable for faster economic development and the Port sector has shown remarkable dynamism and growth especially after the entry of private players into the sector. A number of new ports have been developed in the recent past and even in existing ports, a number of new terminals have been developed both in public and private sector. With this spurt in the activities in the port sector, there has been considerable reduction in the congestion at the Ports and in the difficulty in getting berths for ships in the Ports. The Study found that at present no major port is experiencing congestion and there is no shortage of berths. Unlike in the past, ships do not have to wait at the Ports for berths for unloading the cargo. The Study Group found that 80% of the ships were allotted berths in less than one day during 2008-09 and only 2% of ships had to wait for more than two days. This however, did not mean that there is no scope for improvement. Mumbai Port is an example of a Port claiming the need for additional berths for servicing the expected increase in traffic. The system of allotment of berths has been streamlined in Chennai and Nhava Sheva, in the light of the steps taken by Port Authorities and the Terminal operators. In other words, generally the import cargo gets unloaded to the wharf without any delay.

- **Filing of Manifests**

While the ship is in the process of bringing and unloading the cargo, the documentation work relating to the clearance of the cargo is initiated by the ship's

representative at the Port, namely, the Shipping Agent, who represents the ship's owner to ensure compliance with all laws and documentary requirements with various regulatory and Government agencies. The Import General Manifest (IGM) is the document which gives a complete list of all cargo including the cargo meant for other ports, technically known as same-bottom cargo along with the list of the crew and their personal possessions. It also gives all the details of the stores and the fuel on board. The Customs are able to account for all the cargo and keep a control over all the items on board on the basis of the IGM.

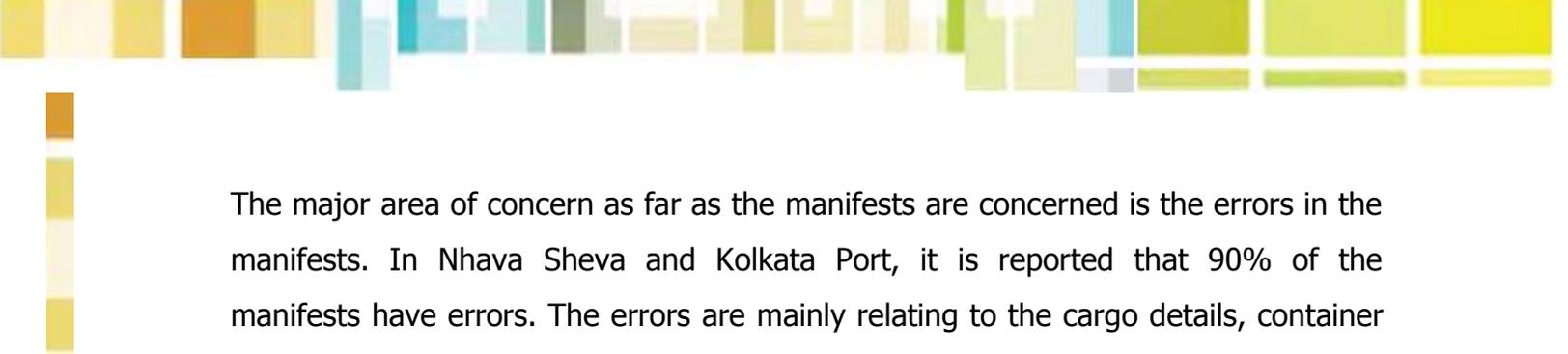
First requirement is the filing of the Import General Manifest as required under Section 30 of the Customs Act with the Customs Department. The Manifest can be filed in advance in anticipation of arrival of the ship so that preparatory work for the clearance of the cargo can be started well in advance. With the advent of the computer, manifests can be filed online onto the Customs Computer Network which in turn transmits the same to the Ports. Filing of manifest is very crucial because the entire process of clearance can be initiated only on the basis of the entries in the manifest. As soon as a Bill of Entry is filed, Customs Department verifies that the cargo is listed in the concerned Manifest, before it is registered. According to the Customs data, 96.5% of the manifests were filed in advance during 2008-09.

The shipping agents are able to file manifests electronically at the service centre at each custom house or through ICEGATE¹, the Customs Portal for such purposes. The manifest has several parts or sub manifests. The sub-manifests may be filed not by the main line operators but by NVOCC² or by consolidators who are also authorized to issue Bills of Lading. It is reported that it takes about two to three hours for the manifests to be transmitted to the Custom Systems.

No fee is charged for filing of manifests through ICEGATE. For filing through the Service Centre, a service Fee is charged (Rs. 68, including Service Tax of Rs 8). In case of late filing of IGM, a penalty is levied on Steamer Agents.

¹ ICEGATE - Indian Customs EDI Gateway

² NVOCCs - Non Vessel-Owning Common Carriers



The major area of concern as far as the manifests are concerned is the errors in the manifests. In Nhava Sheva and Kolkata Port, it is reported that 90% of the manifests have errors. The errors are mainly relating to the cargo details, container numbers, addresses of importers / suppliers etc. Because of the errors, Customs is not able to admit the Bills of Entry pertaining to those entries and therefore the errors have to be rectified before the process of clearance can begin. Error-free manifests are essential for processing the Bills of Entry. Minor errors can be rectified by Steamer Agents within 30 minutes of their detection while major errors take as much as one day.

The Customs Department levies a nominal fee of Rs.20 to Rs.50 for rectification of each error. In addition, where the errors are of major nature having an impact on revenue, Customs Department may initiate penal action against the Steamer agents. The wide spread nature of the errors and delay in rectifying them is an area of concern as it is one of the contributing factors to the overall delay in the clearance of import cargo. It is understood that the errors themselves are somewhat of inconsequential nature like mistake in the mark and number of the container, misspelling of the Port of loading etc. With a little more attention and care both at the loading port and at the unloading port, it should be possible to drastically reduce the errors. As 90% of the manifests have errors, their correction takes a minimum of half a day after the initial filing. Thus almost half a day is lost due to errors in manifest which impacts the clearance of the cargo in general.

As already mentioned, manifests are being filed on line into the Customs Systems. For this the shipping agents have two options; either they can bring the data on CDs to the Custom House service centre from where the manifest details can be loaded into the Customs Systems or they load the data directly into the customs gateway, ICEGATE. It is also reported that the Shipping Agents prefer to file the IGMs through the Service Centre rather than through the ICEGATE because when they are filed through the ICEGATE, the subsequent uploading of the sub-manifests to the IGMs

by the Freight Forwarders and NVOCCs is not possible due to the restriction in the software.

Though ICEGATE has facilitated the filing of manifest to a large extent, over 40% of Shipping Agents reported that there are frequent break-downs of the ICEGATE system (at least once a week) and these break-downs last for one hour to three hours. Such loss of connectivity with the ICEGATE is a major constraint in the prompt filing of the Manifest. The department has to ensure proper connectivity for which steps are already afoot. At the same time with greater attention on the accuracy of the data, the Shipping Agents can avoid the mistakes in the Manifests and the two steps taken together should be able to save half-a-day. In case of connectivity/ computer breakdown, manifests can be filed manually at some ports (Chennai and Bengaluru airports), but this obviously takes more time.

While the process of filing the manifest is on, the vessels reach the Ports with the cargo and it is reported by all the Ports that there is no waiting period to get berths.

- **Intimation of Arrival**

The Shipping Agents initiate the process of intimating the consignees regarding the arrival of the cargo well in advance of the ship's expected date of arrival. It is reported that over 91% of the importers receive the Cargo Arrival Notice (CAN) about six days in advance and about 7% of the importers get the intimation on the day of the arrival. In view of this, the importers are able to instruct their Custom House Agents (CHAs) to file the Bills of Entry sufficiently ahead of the cargo being shifted to the container freight stations for further processing. The study also gathered that 73% of the importers have regular custom house agents with standing instructions regarding handling the imported consignment.

- **Filing of Bills of Entry**

The next step is the filing of Bills of Entry³ by the importers or their agents. While studying this process, the Study Group noted that only 33% of the CHAs file Bills of Entry in advance or within 24 hours of the arrival of the consignment at the Port, while 50% of CHAs do so only within 48 hours, in spite of the importers making the required documents available to the CHAs either immediately after arrival of the goods or before that. Under the Customs Act, there is a provision for filing the Bills of Entry in advance of the arrival of the vessels or the aircraft.

The Study Group found that the percentage of documents filed in advance is quite low. It is gathered that the advance filing facility is not being used mainly because when the Manifest is filed and if there is any discrepancy between the entries in the Manifest and the advance Bill of Entry, the Bill of Entry has to be cancelled. There appears to be no facility to automatically correct the entries in the Bill of Entry in line with the Manifest entry. Such automatic correction can be considered only if all the entries in the Manifest are error-free. Secondly, there are occasions when there is difference between the actual cargo carried by the vessel and the corresponding Bill of Lading. This will necessarily result in amendment of the Manifest as well as the Bill of Entry filed in advance. If by any chance, only a part of the consignment is brought by a ship, under the law, the importer can file a Bill of Entry only for that part. In case the importer files the Bill of Entry for the entire consignment in advance, he will have to amend the Bill of Entry to show only the goods which have actually arrived. This is because, the rate of duty and valuation depend on the actual date of entry inwards of the vessel under the proviso to Section 15 of the Customs Act. Therefore, that part of the consignment which may be brought by another ship may attract a different rate of duty depending on the date of its arrival. Further, in case, the importer gets the entire goods assessed under an advance Bill of Entry

³ A declaration by an importer of the exact nature, precise quantity and value of goods that have landed for payment of customs duty. It is normally prepared by a qualified customs clerk or broker, and is examined by customs authorities for its accuracy and conformity with the tariff and regulations.



and pays the duty for entire consignment, there is no procedure to adjust the excess duty paid under the first Bill of Entry towards the duty payable on the second part of the consignment.

Thus, both legal and software issues are standing in the way of greater acceptance of the advance bill of entry. These lacunae, if set right, will facilitate advance filing of more Bills of Entry and thus expedite the clearance of consignments.

There is a connection between the low percentage of Bills being filed in advance and the high percentage of errors in the Manifests. It is reported that if there is an error in the Manifest in respect of any line number, the Bill of Entry relating to that entry cannot be 'noted', that is, registered for further processing in the Customs House. Therefore the Custom House Agents generally prefer to wait until the errors in the Manifest are corrected so that they are sure that the procedure for 'noting' can be completed without any delay. Thus there is considerable inter-connection among all the processes and anything going wrong in one process can impact the subsequent ones.

This again highlights the importance of ensuring that the Manifests are without errors. If the Manifests are without errors, more CHAs are likely to file advance Bills of Entry saving considerable time in the import clearance.

In fact additional incentives could be considered for advance filing of Bills of Entry. Where a Bill of Entry is filed in advance and the duty is paid, and subsequently the cargo by any chance does not come or the Bill of Entry had to be cancelled, the present system is that the importer has to file a refund claim in respect of the duty paid. On the other hand, if there is a system of adjusting the amount paid towards duty for the next consignment imported by the same importer, there will be considerable interest on the part of the importers to file the Bill of Entry in advance. Similarly, in respect of importers who file Bills of Entry in advance, there should be a percentage reduction in the ground rents payable for cargo clearance. This can be arranged by the Customs Department in consultation with the CFS management.

According to Customs data, the time taken for filing the Bill of Entry by the importers/ CHAs after filing the manifest is given in the table below:

Time after filing of the Manifest	% of Bills of Entry
Within 6 hours	29%
Between 6 hours and 12 hours	6.5%
After 12 hours but before 24 hours	11.5%
After 24 hours but before 3 days	27%
After three days	26%

Source: Customs data from selected stations

Only 47% of the Bills of Entry are being filed within 24 hours of filing the manifest, while 53% of the Bills of Entry are filed after 24 hours, and out of this, 26% of the Bills of Entry are filed after three days. This only shows that there is considerable lack of urgency in the expeditious clearance on the part of the custom house agents/ importers. The reasons for the delay in filing the Bills of Entry reported by the respondents are:

- (1) Delay in obtaining documents
- (2) Pressure of work
- (3) Lack of funds

What is clear from the statistics given above is that due to this delay in filing the Bill of Entry, the clearance of cargo is delayed by one day. This is a major contributing factor in slowing down the clearance.

The above figures also show that 71% of Bills of Entry are filed after six hours of the manifests being filed. Even in cases of cargo where the Customs Department has extended special facilities for their clearance like the Accredited Client Programme, the Bills of Entry are filed after such delay.



The Bills of Entry are also filed electronically. The CHA or the importer can file Bills of Entry either through ICEGATE or the Service Centre. Here also major problem reported is the frequent breakdown of the connectivity. It is reported that there have been cases of breakdown which lasted even up to 24 hours. The data collected during the survey reveals that the CHAs file Bills of Entry in 66% of cases after 24 hours after arrival of the vessels. All this goes to show that the documents are filed after considerable delay and thereafter due to connectivity problems, the documents get registered in the System after more delay. Because of these two issues, the first process of filing the Bills of Entry itself is delayed by a day on an average.

The first step is to ensure that the connectivity is fail-proof. This should be ensured by the department, by taking all appropriate measures, including additional investment in hardware. Having decided to use technology extensively to expedite the processing of documentation, there is no room for half measures. The latest and most sophisticated technology needs to be employed and be also kept upgraded. The need for continuous investment in upgradation of both hardware and software is a vital necessity for proper trade facilitation.

Despite all the technology and the need to minimize paper work, the system still remains paper-oriented. The importers/CHAs are still required to 'file' the Bills of Entry and make declarations regarding the genuineness of the value etc. There is a need to consider a system under which the Bills of Entry could be generated by the System on the basis of the information available in the Manifests. The essential information which is lacking in the manifest is the value of the goods which can also be made part of the Manifest. The Study Group is aware of the fact that this suggestion entails considerable and drastic changes in the law as it exists today. Under the present system, the Bill of Entry filed by an importer is treated as a legal commitment on his part with regard to the truth and accuracy of the declarations made therein and any variation noticed during the assessment may result in penal proceedings against him. Therefore there is a school of thought that generating the Bill of Entry by the System will compromise the legal competence of the Department



to proceed against the importer in case of contravention of the law. Further, the feasibility of automatic generation of Bill of Entry from the IGM will also need a careful examination in relation to the legal issues arising out of international conventions.

The Study Group considered this situation. It is important to remember that today, the attempt is to create an environment of trade facilitation. There is a need for a shift in the focus from penal provisions to facilitation measures. This need not mean that violations of the law should be overlooked. It is always possible to make provisions in the law binding the importer to the entries in the Bill of Entry even if it is generated by the System as long as the importer is claiming the ownership of the goods. In any case, the advantages of the System-generated Bills of Entry will outweigh the loss of time on account of the present process of waiting for the importer and his agent to 'file' the Bill of Entry.

At present although Bills of Entry are being filed electronically, at some stage their print outs are taken. With proper connectivity among all the agencies involved in the clearance of the cargo, it should be possible to do away with paper documents as they can access the data online and take appropriate action.

In addition, there are a number of 'declarations' which the importers are required to file physically. In the interest of achieving paperless clearance of import cargo, these declarations need to be dispensed with and a legal presumption can be built in to make every importer responsible for the value and other data furnished in the Manifest and the Bill of Entry.

As a first step, the provisions of the Customs Act (Section 46) and the rules under which the Bills of Entry are filed (Bill of Entry (Forms) Regulations, 1976 and Bill of Entry (Electronic Declaration) Regulations, 1995) can have a suitable provision specifying that once a Bill of Entry, whether generated by the System or filed under digital signature, is registered, it will be presumed that the importer has subscribed to the correctness of all the data furnished and also with regard to the value

declared and if anything is found incorrect, appropriate action will be taken by the department on the basis of the electronic Bill of Entry.

It is reported that despite the existence of ICEGATE for the last five years, about 40% of Bills of Entry were filed through the service centre during 2008-09. This shows that there is some hesitation in utilizing the facility of filing documents through ICEGATE and this needs to be examined further. The Customs department may take steps to ensure that all importers and CHAs use the ICEGATE. This can be achieved only if the ICEGATE is fail-safe, dependable, user-friendly and economical. While designing or improving the System, it is necessary to carry out consultation with the users to take into account their views.

- **Delivery Orders (DO)⁴**

While the documentation with regard to custom clearance is set in motion by filing the Bills of Entry, the Customs House Agents or Importers have to obtain the delivery orders for the goods. The delivery orders are issued by the Shipping Agents or the Airlines. In the present system, there are several sub-agents like the NVOCCs and the Consolidators who are also authorized to issue Bills of Lading. The CHAs have to obtain the Delivery Order either from the Main Line Operators or from the NVOCCs depending on who issued the Bills of Lading.

It is reported that the issue of delivery orders is often a time consuming and costly procedure for the importers. The shipping agents are in a position of monopoly with regard to the cargo already brought by them. Therefore they have prescribed various fees and charges for the issue of the delivery order. It is learnt that the fees/charges payable for the issue of delivery order are as follows:

- Delivery Order fee of Rs. 2,000 to Rs. 3,000 per Bill of Lading
- destination inland haulage charges

^{4 4} It is a document from a consignor, a shipper, or an owner of freight which orders the release of the transportation of cargo to another party. Usually the written order permits the direct delivery of goods to a warehouseman, carrier or other person who in the course of their ordinary business issues warehouse receipts or bills of lading.

- terminal handling charges
- shipping line delivery order fees
- container cleaning and washing charges
- survey fees

In addition if there are house bills of lading⁵ issued by NVOCC etc. separate fee is levied by them, besides the fees charged by the Main Line Operator (MLO).

The general feedback was that the delivery order after completion of all above payments and procedures takes almost one full working day. Since this procedure takes place almost simultaneously with the process of filing of Bills of Entry, it can be argued that the delay in Delivery Order does not contribute to the delay in clearance of the cargo. However, this is not always the case. After the examination order is obtained, the CHA approaches the Shipping Agents for the Delivery Order (DO). The Shipping Agents issue the DO only after all dues are discharged and in Maharashtra after payment of the stamp duty. Further the DO is issued with limited validity. These processes reportedly take two days during which the container is held up for examination.

The process of issuing DO has been made complicated for no apparent reasons. Though the shipping agents are independent business entities and are entitled to prescribe their procedures and charges for the services in accordance with the market conditions, they need to be conscious about their responsibility towards expeditious flow of cargo. In this age of technological advancement, the need to have a physical Delivery Order itself is questionable. With appropriate safeguards, instructions for the delivery of the cargo to the custodians can be issued electronically. Alternatively, the Shipping Agents can issue electronic Delivery Orders to the Importers/CHAs.

⁵ Also called Forwarder's Bill of Lading, it is a Bill of Lading issued by a freight forwarder to a shipper as a receipt for the goods being shipped with other cargo as one consignment (usually as a full container load). The shipping company's (carrier's) Bill of Lading shows the forwarder as the consignor, and the name of forwarder's agent at the port of destination as the consignee.

Another aspect is the complaint regarding excessive charges being levied by the Shipping Agents. Though some of the charges mentioned above are collected on behalf of other agencies like terminal operators etc., one still gets the impression that the charges are on the higher side. Once any cargo is entrusted to a shipping company for delivery at the specified port, it goes without saying that at the destination, the shipping company has to hand over the cargo. The Shipping Companies are charging the freight in any case and ideally this should also take into account the services at the port of destination. Similarly cleaning and washing the containers is the responsibility of the owner of the container and the freight paid should be inclusive of the same. It is also strange that every importer should be subject to such charges as consignments of several importers often come in the same container. It is important that the shipping agents should also appreciate their role in trade facilitation and should not leverage their position with regard to the cargo in their custody to impose excessive levies on the importers which add to time delays and costs. If there is only one consolidated freight charge, which includes all the levies and if it is paid either at the load port or at the destination, the delay in issue of Delivery Order and the overall cost to the importers can be minimized. The present strategy of the shipping companies appears to be to keep the freight charges as low as possible at the load port to attract the customers and then to squeeze them at the destination port with questionable levies. A consolidated freight charge as suggested above may result in the assessable value of imported goods going up marginally but it is likely to be off-set by savings from faster and more transparent clearance. The Government can also consider some regulatory measures to bring about a degree of transparency and predictability in levying of such charges.

- **Shifting of Cargo to Container Freight Station (CFS)⁶ / Warehouse**

After berthing of the ship, the containers are unloaded within six hours. The terminals permit the retention of the container at the Wharf usually for three days. However during the study some variations were observed across different ports. For example, in Kolkata Port, ICD bound containers are allowed up to 20 days. In Nhava Sheva Port, the containers meant for transshipment by rail are allowed seven days. Barring such exceptions, the free period allowed at the terminals generally is three days. It is expected that within these three days, the containers will be moved out to the Container Freight Station for completing the customs procedures. The free period of three days is very generous and not in the interest of faster flow of cargo, but has been fixed apparently after taking into account the infrastructural constraints like congestion at the port gate, limited availability of transport and equipment etc.

At present the shifting of cargo from the Port to CFS is undertaken by the Shipping Agents. Most of the shipping agents have nominated specific transport agencies for this purpose. They also have an understanding with specific Container Freight Stations who arrange the transport agencies. The authorization for shifting the cargo is given on the basis of carriers' delivery order, customs pass out advice, port challans, and job order from the CFS. It is reported that 60% of containers are shifted from the terminal only after 12 hours of unloading and the balance 40% containers are shifted after 24 hours. This indicates a loss of time of at least 12 hours, which is almost one working day. Thus the delay in shifting the cargo from the Wharf to the container freight station contributes significantly to the overall delay in the process of faster clearance. The Study Group elicited the reasons for this delay in clearance of the containers, and based on the stakeholders' responses, the same are listed below in order of importance:

- Absence/shortage of labour

⁶ CFS is a place where containers are stuffed, de-stuffed and aggregation/ segregation of export/import cargo takes place.

- Shortage of transport
- Congestion at the Port Gate
- Shortage of equipments
- Congestion at the out bound road
- Non receipt of documents
- Delay due to scanning of container

These factors are compounded by the shortage of customs officers to supervise the shifting of the cargo. It is clear that all the reasons mentioned above can be rectified by streamlining the processes/strengthening the infrastructure by the agencies involved. The terminal operators or the Ports have an important role to play in this. Shortage of labour, shortage of equipments, congestion at Port Gate and congestion at the outbound road are matters within their jurisdiction which need urgent attention for remedial action.

As already mentioned, the transportation of containers from the Port Terminal to the CFS is normally being done by the Shipping Agents or by the CFS who are entrusted with this task by the Steamer Agent. During the personal interaction of the Study Group with the stakeholders, it clearly came out that the CHAs and the Importers have been pleading that the delay and cost of this transportation can be reduced if they are allowed to arrange the transportation themselves. The Shipping agents' stand is that they cannot hand over the responsibility either to the Importers or to their Custom House Agent because handing over the containers at the CFS is part of the contract enshrined in the Bill of Lading. It is understood that the Commissioner of Customs, Chennai had issued a public notice permitting the importers/CHAs to move the containers from the Terminal to the CFS but the Shipping Agents filed a writ petition against the Public Notice and obtained a Stay Order from the Hon'ble High Court. This shows the sensitivity and the legal complexity of this issue.

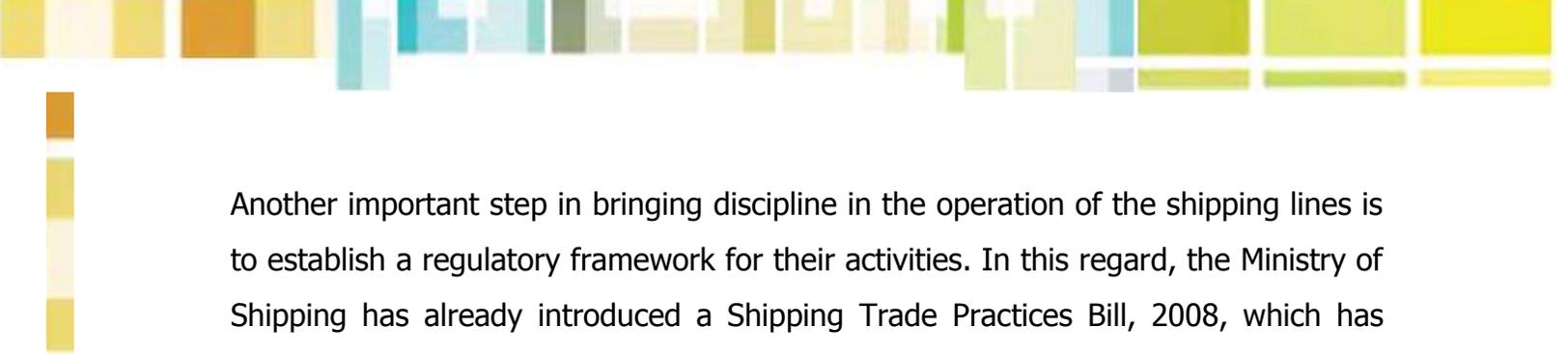
However, one gets an impression that more than the legal issues, it is the business interests which drive the Shipping Agents in this matter. At present the

transportation of containers is the monopoly of the Shipping Agents and the rates charged from the importers are often higher than the prevailing market rates. Besides this, it is gathered that the shipping agents have an understanding with specified Container Freight Stations for transferring the containers only to those CFSs. These issues bring out the aspects of rent seeking which is normal in a monopoly situation of this kind. For passing on such business to the CFSs, it is alleged that the Shipping Agents get a commission. Thus retaining the privilege of selecting the transporter appears highly lucrative for the Shipping Agents. Since the nominated CFSs have a monopoly over the goods, they too often tend to charge higher than the market rates for the storage, examination and release of the containers. This clearly reveals the harmful effects of the nexus between the Shipping Agents and the CFSs on the free flow of cargo in as much as the Shipping Agents transfer the cargo at their will and at the cost dictated by them and the CFSs get a chance to exploit the importers by charging monopolistic rates.

As a result of such practices the clearance of containers gets delayed and the importers' transaction cost goes up substantially. If the importers or CHAs are given the freedom to arrange transportation themselves, they can choose the transporter as well as the CFS which are faster and most economical.

There is a scope of regulatory and legal reform in this area to empower Customs Department to permit the importers/CHAs to transport the containers and choose the CFS. In this regard the importer also should have the flexibility to name the CFS where he wants the clearance of the goods at the time of placing the order itself, so that the same is indicated in the shipping documents, including the Bill of Lading.⁷ This will reduce the element of discretion being presently exercised by the Shipping Agents and which is a subject of much criticism by the importers.

⁷ A **bill of lading** is a document issued by a carrier, e.g. a ship's master, acknowledging that specified goods have been received on board as cargo for conveyance to a named place for delivery to the consignee who is usually identified.



Another important step in bringing discipline in the operation of the shipping lines is to establish a regulatory framework for their activities. In this regard, the Ministry of Shipping has already introduced a Shipping Trade Practices Bill, 2008, which has provisions for compulsory registration of maritime transportation service providers and a stringent requirement of publication of tariffs for services provided by them and there are stiff penalties (upto Rs. 10 lakhs) for breach of the provisions of the proposed Act. This law needs to be passed urgently, though it is noticed that the stakeholders like Association of Multimodal Transport Operators of India (AMTOI) have termed the proposed law as 'draconian' and expressed a fear that many medium sized freight operators will be severely affected by such a law.

The Study Group found that in 2008-09, 45% of containers suffered demurrage despite the 3-day free period, on account of delay in clearance from the Wharf. This is a high percentage and supports the conclusion that there is ample room to improve the present system of transfer of containers.

A similar situation exists at the Air Cargo Complexes. The air cargo is unloaded at the tarmac; thereafter the goods are shifted to the warehouses of the Air Cargo complex. Since the distance involved is small and the packets are of smaller dimension, the air cargo is generally shifted by smaller vehicles. The shifting is being done under the supervision of Custom officers. Generally at all International Airports, a major portion of the cargo lands at night. Since there is greater urgency in the clearance of air cargo, it is expected that the Air Cargo Complex operator would transfer the cargo in the night itself to the warehouse. However, the actual position is much different. In most cases, for almost 12 hours the cargo remains at the tarmac especially in air ports with higher volume of cargo like Mumbai. The reasons for this situation are similar to those existing at the sea ports, in particular, shortage of space in the warehouses. Considering the urgency for the goods and higher transport cost incurred in respect of air cargo, the delay contributes substantially to the overall transaction cost and the loss of productive time.

- **Procedures at the CFS**

There has been a sudden growth in the number of Container Freight Stations around all Indian ports; so also the number of Inland Container Depots in various cities.

There are about 30 CFSs around Nhava Sheva Port. In Chennai the number is around 20. The container freight stations are treated as an extension of the ports as they are doing the job which earlier the ports were doing like custodianship of the cargo and their accounting and safe delivery to the importers. They are approved by the Ministry of Commerce and licensed by the Commissioner of Customs. The Customs Department is acting as the regulatory agency for them and has promulgated the regulations called the Handling of Cargo in Customs Areas Regulations, 2009.

As the cargo is brought in to the CFS, there is an elaborate security check at the gate. All the details like the Customs seal, agent's seal, container number, size, time, external conditions, liner details, Port gate pass, vehicle details and drivers' license are verified. Though no congestion is reported at the CFS gate, the detailed verification for security purposes holds the containers at the gate for at least half an hour. After the containers are admitted in the container freight station, it is reported that 66% of containers are unloaded within one hour and the balance within a period of one to three hours. Thus on an average the process of unloading takes one hour in addition to the half an hour at the gate.

While the goods are unloaded and stored in the CFS, the process for completing the documentation for customs clearance is done in parallel. After the documents are cleared by the concerned officer, the goods have to be examined by the officers posted at the CFS. Until the Customs documentation is completed, the containers cannot be moved out of the CFS. Therefore it is important to aim for synchronization of the movement of the containers to the CFS and completion of customs papers so that the examination can be completed without further delay. However, this does

not happen in actual practice with the result the containers have to wait at the CFS for completion of assessment procedures.

- **Assessment Procedures**

Once the filing of the Manifest and Bill of Entry are completed, the first step in the assessment procedure is the electronic registration of the Bills called the 'noting' of Bills of Entry. It is reported that on an average, noting takes only about five minutes after the Bill of Entry has been entered into the system.

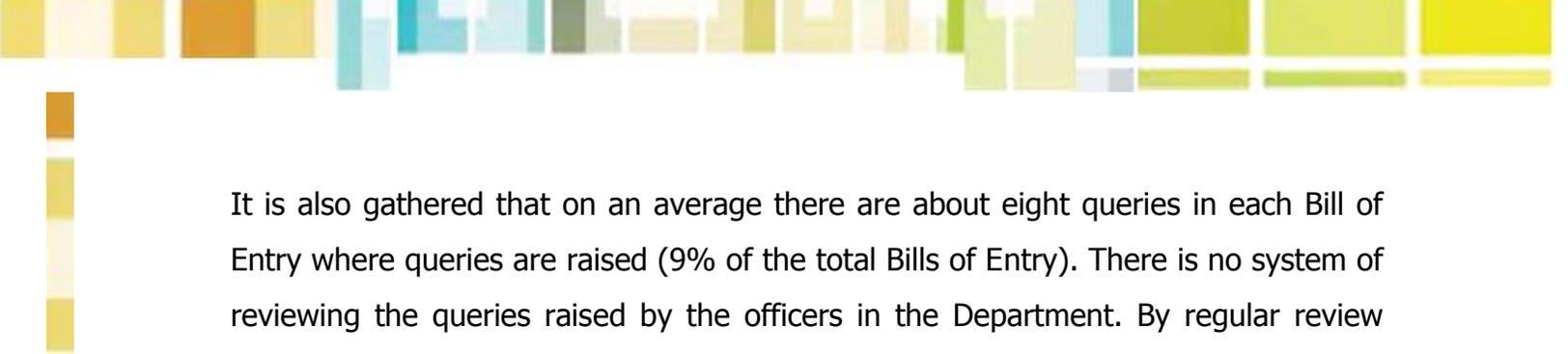
The Assessment of the Bills of Entry for computation of Customs duty is the most critical process in the entire operation of clearance of imported cargo because it is related to the Government revenue. It has to be done with the greatest care and also strictly in accordance with the law. Indian Customs has been a pioneer in introducing technology and computerization in most of the customs operations including the assessment of duty. Today one centralized server is taking the entire data from all over India and processing documents in accordance with pre-existing programs for assessments. This has helped in reducing the delay and ensuring uniform practices at different Ports and Airports. Introduction of the system of risk based assessment of documents has further expedited the process of assessment. If a document meets all the prescribed parameters set out in the Risk Management System (RMS), it is cleared by the System itself for payment of duty. The human element in the assessment procedure has been brought down to a large extent. It is reported that more than 50% of Bills of Entry are being cleared by Risk Management System (RMS) all over India. In other words, 50% of documents are assessed to duty without the officers going through the data furnished by the importers because they are perceived to be of low risk to the revenue. The balance 50% of the Bills of Entry are examined by the officers posted at the Group for assessment. Undoubtedly, the RMS-based assessment has been a major step in the direction of trade facilitation.

The Study Group had occasion to go into details about the processing of the fifty percent of the Bills of Entry which are examined by the officers for assessment. The data collected by the Study Group indicated that in 9% of total Bills of Entry, the Assessing officers are raising various types of queries or are seeking clarifications on the document filed. These queries are raised at this stage of assessment only in respect of those Bills referred to the Assessing officers. In fact an analysis of queries indicated that they related mainly to the following aspects.

- Documentation 30%
- Exemption 30%
- Valuation 20%
- Licensing 10%
- CVD (Countervailing Duty) 10%

This indicates that 60% of the queries are related to deficiency in documentation and claims of exemption. Apparently importers/CHAs do not furnish all the documents to the officers to enable them to come to a conclusion regarding the correct classification. Similarly claims for exemption are also not properly substantiated while filing the documents. Another view is that at the time of filing the documents, the importers and agents may not be aware of the additional documents required by the officers. In order to bridge this information gap, the existing channels of communication between the Customs Department and the importers/CHAs, including efforts to educate the importers and CHAs regarding the possible documents required needs to be strengthened by the Department.

To some extent these queries are inevitable; what is required is to ensure that the officers raise the queries in one lot and the importers / their agents are able to answer them as promptly as possible. The Customs department has already issued instructions to the officers not to raise queries piece meal and it is understood that in 81% of Bills of Entry where the queries are raised, they are raised in one lot.



It is also gathered that on an average there are about eight queries in each Bill of Entry where queries are raised (9% of the total Bills of Entry). There is no system of reviewing the queries raised by the officers in the Department. By regular review and analysis of the queries, it should be possible to identify the areas which result in the maximum number of such queries and the senior officers may be able to issue appropriate guidelines in minimizing the same.

The exemption notifications are a major reason for a number of queries because most of them provide for lower rates of duties under specified conditions. The assessing officer has to satisfy himself that the importer or the goods have complied with the conditions. Therefore the officers have to raise queries to find out the compliance with the conditions which include production of additional documents. The Government while issuing notifications does not consider whether they are amenable to the needs of computerization. Standardization of the format of notifications and minimizing the conditions in the notifications will help in reducing the queries related to the exemptions. Where the notification is without conditions, the rate of duty should be incorporated in the Customs Tariff.

Valuation is another area of major concern to the Customs officers because majority of the goods are assessed to duty on the basis of value and therefore the revenue is dependent on the value accepted for assessment. India has already implemented the WTO Agreement on Customs Valuation and as a result, more than 90% of the Bills of Entry are being assessed on the basis of the transaction value. However, issues relating to valuation are on the increase mainly because India still has rates of duties which are comparatively higher than those existing elsewhere. Therefore in order to keep the incidence of duty at the minimum, the importers tend to declare lower values. Though extensive database of valuation has been collected and is available on line to the customs officers, undervaluation still remains a major concern for the department and a stumbling block in the path to trade facilitation. Verification of the value and rejection of transaction value involve long drawn out



procedures. Therefore valuation disputes invariably slow down the process of assessment.

As mentioned in the Section 'Trade Facilitation Steps taken by Central Board of Excise and Customs', the Customs Department launched the scheme a few years back of collecting valuation data from all imports and storing them electronically for future reference by officers. This data base is called the National Import Data Base (NIDB) and is available to assessing officers for reference and comparison of the value declared with the values available in the NIDB. This has been useful in ensuring that there are no wide variations in the declared value with the previously noted values. The members of the trade who interacted with the Study Group suggested that queries on valuation can be reduced if the importers are also given access to the data in NIDB. On examination of the suggestion, the Study Group found that access to this data base in a limited manner to the trade can be considered as there will be no breach of confidentiality as long as the names of the importers or the sources of the goods are not revealed to rival importers. Of course, this may raise the question that the transaction value is dependent on the source of the goods and without the source, the information may not be useful to determine the value of the goods under assessment. Despite this limitation, giving access to the importers, though only partial, may enable them to declare the value comparable to the previously accepted values and avoid queries regarding the declared value. In any case, if the department chooses to take action on the basis of the data in NIDB, it will have to reveal all the details of the previously declared value based on which the action is proposed. Therefore, the Study Group felt that this is a suggestion worth considering.

Allied with this is the issue of related party transactions. With the liberalization of foreign investment and relaxation of the controls in the economy, a large number of multinational companies are setting up operations in India, resulting in an increase in imports from related parties. Such transactions are always subject to detailed examination for the purpose of customs valuation, resulting in slowing down the

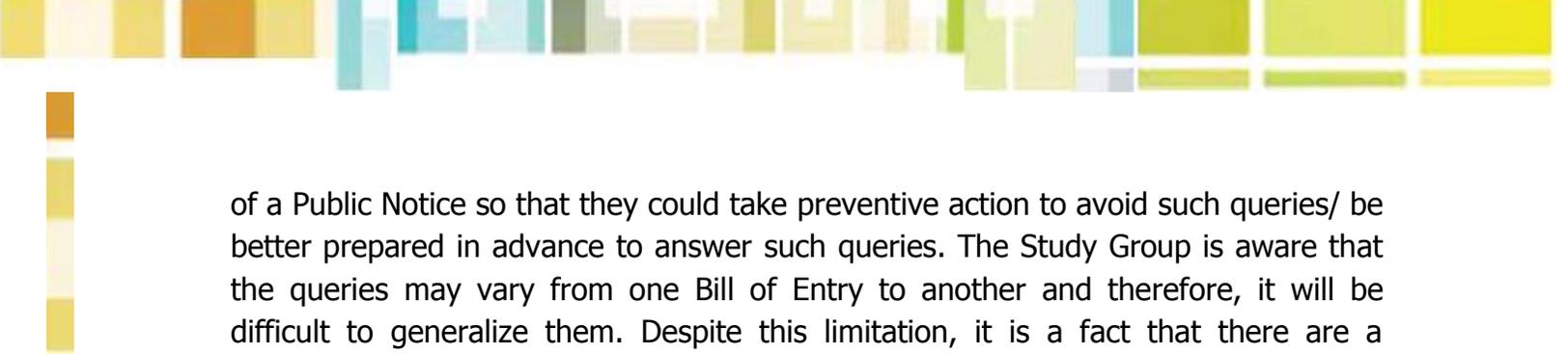
assessment process. A large percentage of queries relate to valuation and allied questions of relationship between the supplier and the importer.

The Study Group also examined the time taken by the importers/CHAs to respond to the queries from the Customs officers. The time taken for answering queries depends on the complexity of the issues involved and the type of documents called for by the officers. According to the data furnished by the Customs department, the time taken to reply to the queries, is as follows:

- Less than 6 hours 6.5%
- More than 6 hours but less than 12 hours 1%
- More than 12 hours but less than 24 hours 32.5%
- More than 24 hours but less than 3 days 30%
- More than 3 days 30%

Thus it is clear that 92.5% of the queries are answered only after 12 hours, i.e. one working day and in 30% of cases it is more than 3 days. These patterns have been confirmed by the importers also. Therefore there is no dispute that queries from custom offices are a major factor for slowing down the clearance of the cargo but some of it is inevitable as revenue cannot be compromised. It is also gathered that the queries which take maximum time for response are those relating to valuation, exemptions and anti-dumping duty. Similarly queries relating to clearance from other departments like Port health office or drug control etc. or where chemical testing is required also take more than three days for answering. In short, queries are a major factor in slowing down the assessment procedure, though they are only for 9% of total number of Bills of Entry.

The members of the trade have genuine concerns about the increasing number of queries and the resultant delay in the clearance of the consignments. In the regard, one suggestion made by them to the Study Group was that the Customs Department could consider listing out the frequent queries raised in a large number of Bills of Entry and this could be circulated to the members of the trade by means



of a Public Notice so that they could take preventive action to avoid such queries/ be better prepared in advance to answer such queries. The Study Group is aware that the queries may vary from one Bill of Entry to another and therefore, it will be difficult to generalize them. Despite this limitation, it is a fact that there are a number of queries which are repeated in the Bills of Entry for various reasons. Therefore, the Customs Department can make an attempt to prepare a list of queries frequently raised in course of assessment of the imported goods and disseminate them either through a public notice at the level of various Custom Houses or by putting them on the CBEC website.

From the above analysis it is clear that often clarifications have to be sought from the importers and CHAs. What is required is a mechanism to ensure that their response should come at a faster pace. A well coordinated attempt has to be made to reduce the time taken for answering the query from the present 3 days to one day. As already mentioned, better education of the importers and CHAs and proper codification of the documentary requirement in respect of exemptions and valuation issues is very important to achieve this.

According to the importers the average time taken for assessment after queries are answered is 3 to 5 days. This also needs to be reduced in a concerted manner. There is no justification to keep the documents waiting for another 3 to 5 days after satisfactory answers are received for the queries. In fact, these documents which have been delayed already due to the queries should be given greater priority after the answers have been received.

Another area of concern is the number of provisional assessments. In the cases where the importers are not able to produce all the documents; or when the goods are to be subjected to chemical analysis; or where the officers want to conduct detailed enquiries, the importers are permitted to have the goods provisionally assessed. In 2008-09, 11.5% of the Bills of Entry were assessed provisionally. Provisional assessments cast considerable burden on the importers as well as on the Department. Often the importers have to provide bonds and Bank Guarantees and keep following up the matter till the assessment is finalized. The Department has to keep monitoring the assessment until it is finalized which often takes months or

even years. Therefore though it is in the interest of everyone involved to keep the provisional assessments to the minimum, this does not seem to happen as is evident from the fact that 11.5 percent of the Bills of Entry are cleared provisionally.

Basically, all the above-mentioned delays and complications arise due the present system of assessment. In this context, it may be useful to touch upon some of the complexities built into the system. India has adopted the International Valuation and Classification Systems which has gone a long way in simplifying customs assessment. However, still the duty structure and multiple slabs of duties and numerous exemption notifications render customs assessment quite complex and beyond the easy understanding of a lay person. There are about ten types of duties levied on imported goods (basic duty, additional duty, special additional duty, different types of cesses, anti-dumping duties etc.), though all ten may not be applicable to the same goods. The method of computation also varies for different types of duties. While the basic duty is on the value, the additional duty is on value plus basic duty, and the cesses are a percentage of the basic duties. The anti-dumping duties are often product / country specific and then there are additional duties charged on the maximum retail price.

The rates of duties also run into several slabs, ranging from 0% to 150% and most of the goods are under various exemption notifications. The actual rates come to several decimal points and computers have become essential to keep tab on these complex rates, slabs and calculations. The end result is that an importer, leave alone a member of the public, will not know the rate or amount of tax he has to pay on import of any item without the help of an expert.

In this age of computers, the calculations of rates of duty may not present a problem, but clearly there is scope for simplification in this area. The number of duties and the number of slabs need to be reduced, which can be done without necessarily affecting the total revenue. The taxpaying public is not interested in the various components of the duties which they have to pay. They would rather have a system which is simple and easy to understand. For this purpose, it would be



advisable if one consolidated rate of duty can be notified. The revenue collected can be allocated under the different duties existing at present. This will become an internal accounting exercise for the Government without subjecting the importer to the complex calculations.

There have been repeated suggestions about the reduction of duty slabs and about the reduction of exemption notifications. While considerable work has been done to improve the situation, these remain major issues even today. Eliminating procedural and legal complexities and making the law more understandable for the average citizen, will be major business-friendly steps, which will considerably improve the climate of trade facilitation.

In cases of Bills of Entry requiring detailed examination, the goods can be cleared pending further verification after clearance. Where the examination is likely to take considerable time and manpower, it can be done at the premises of the importer. This will expedite the clearance, reduce the cost of detention, eliminate the cost of equipments and labor which are in any case in short supply at the Container Freight Stations. Post clearance audit is proposed to be implemented shortly. On site examination along with post clearance verification by Audit on a larger scale will reduce the incidence of detention of cargo.

In addition, at present, the officers are not aware of the decisions and orders of the higher judiciary and the Tribunal which are binding on them. There are a number of instances where the officers raise the same disputes which have already been settled by the High Courts and the Tribunal. To avoid this situation, it would be advisable if a facility is created to provide the officers with all the decisions and orders online. In addition to making such decisions accessible to the assessing officers, they should be made accountable for the implementation of these decisions with appropriate punitive steps for ignoring decisions favourable to taxpayers.

A more innovative step is the introduction of self-assessment by the importers. The Government has recently introduced the system of Self-Assessment by amending

Section 17 and Section 18 of the Customs Act by the Finance Act, 2011. It has been made mandatory to file Bills of Entry electronically and to file them after carrying out self-assessment. The assessing officers will verify them by calling for documents, testing, examination etc. Thus the officers under the new dispensation are doing the same things which they were doing earlier. Of course, the physical assessment by the officers is only in respect of those Bills of Entry which are sent to them by the RMS.

In short, the scheme of self-assessment as introduced will not make any drastic difference to the system of goods clearance. Under the old system also, the importers/CHAs were indicating all the data including the classification and exemption notifications. Now this is being called self-assessment. A system of true self-assessment would be one where the Importer is given the full responsibility for assessment subject to post-clearance audit by the Department. In other words, it should be a more liberal version of the RMS clearance and while giving the entire responsibility of assessment to the Importer, appropriate provision can be made in the law for issue of demands within a longer time period and imposing more stringent penalties and prosecution for deliberate acts of contraventions.

Another important trade facilitation gap identified in course of the Study is the need to expand the jurisdiction of the Advance Ruling Authority dealing with assessment related issues on customs like classification of a product, applicability of an exemption notification, the valuation principles to be adopted and determination of origin of a good. The Advance Ruling Authority was created in India in 1998 primarily to facilitate foreign investment into the country by providing a mechanism to give binding rulings, in advance, on Customs as well as Central Excise and Service Tax matters pertaining to an investment venture in India which ruled out subsequent litigation. Initially the categories of applicants who could seek advance ruling included: (i) a non-resident setting up a joint venture in India in collaboration with a non-resident or a resident; (ii) a resident setting up a joint venture in India in collaboration with a non-resident; (iii) a wholly owned subsidiary Indian company of which the holding company is a foreign company; (iv) Any Public Sector Company;

(v) Residents proposing to import goods under the Project Import Facility (Heading 9801 of the Customs Tariff); (vi) Residents seeking origin determination for goods proposed to be imported from Singapore under the Comprehensive Economic Co-operation Agreement. It is noted that on 22 September 2011, under notification 67/2011-Cus (N.T.), this facility has now been extended to resident public limited companies. This is a welcome step. However, there is a need to further widen the jurisdiction of the Advance Ruling Authority and permit any applicant having legitimate interest in import of a consignment to seek a binding advance ruling. Similarly, this facility can also be extended to exporters on matters like admissible amount of duty drawback.

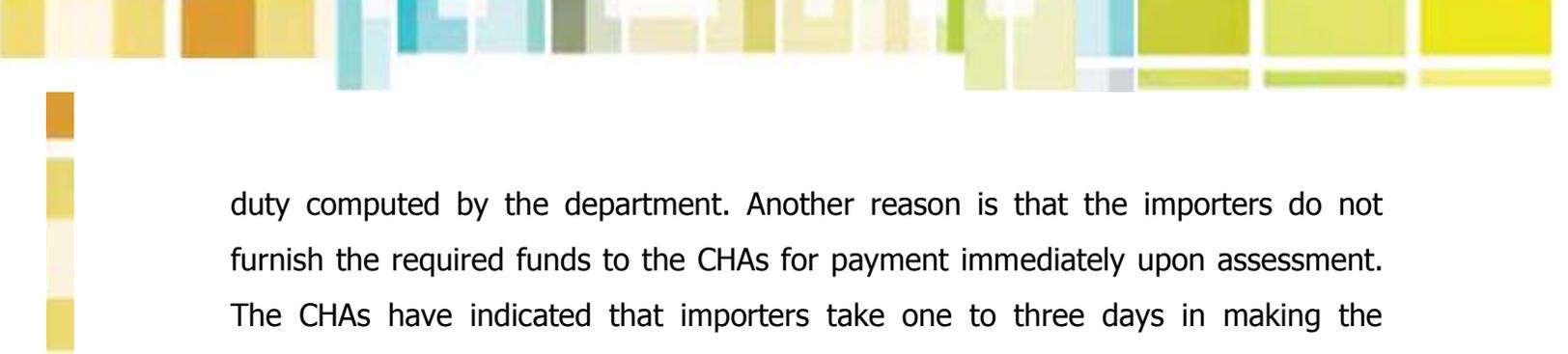
These steps will reduce the complexities of assessment, requirements of documents and consequently reduce the delay and detention of the cargo.

- **Payment of Customs Duty**

Under the present system, immediately after assessment either by the officer or by the System itself, the documents are ready for payment of duty and the appropriate instructions are issued to the Bank for receipt of the amount of duty. The Study found that only in 55% of Bills of Entry, the importers were able to pay the duty within 24 hours after assessment. In 45% of the cases, it took more than one day. The time taken for payment is as follows:

- Less than two hours	8%
- More than two hours but less than four hours	8%
- More than four hours but less than eight hours	6%
- More than eight hours but less than 24 hours	33%
- More than 24 hours	45%

From this it may be seen that only in 22% of Bills of Entry, the payment of duty took place within 8 hours after assessment. This certainly is an undesirable state of affairs. The main reason is said to be the dispute or disagreement on the amount of



duty computed by the department. Another reason is that the importers do not furnish the required funds to the CHAs for payment immediately upon assessment. The CHAs have indicated that importers take one to three days in making the payment in about 33% of cases. This delay could be due to shortage of funds with the importers, which speaks poorly about their planning. What is relevant for this Study is that at least one day is lost in the clearance of consignments due to delay in payment of duty by the importers.

It is also worth mentioning that the department and the Banks have taken several steps to expedite the transfer of funds from the banks of the importers to the nominated bank of the custom department electronically. But the importers are not able to use this facility because of the indifferent and poor financial planning.

Here also some proactive and creative steps can be taken by the Government to induce the importers to pay their dues at the earliest. It may be mentioned that threats of penalty or levy of interest have not had much impact. Therefore business friendly steps have to be designed to induce prompt payment. One such step could be to encourage importers to have a deposit with the department which can be adjusted towards duty. Commercial rates of interest can be given for such deposits. In fact for advance deposits, inducements other than interest, like discounts on the amount of duty, faster clearance of goods, etc. may also be considered, although these may have some legal implications which would need to be evaluated.

In some advanced countries, there is also a system of release of cargo pending the payment of duty. The advantage of the system is that the importer can productively use the imported material and pay the duty from the earnings. This system will ease the burden on the importers as their capital is not blocked by the payment of the duty. If this system is introduced in India, it will certainly be welcomed as a major step of trade facilitation. It will impact the entire system as it will reduce the cost for the importers, expedite and improve productivity and reduce the delays in the clearance of cargo. Of course, this has to be based on proper risk assessment and proper safeguards.

- **Customs Examination and Out of Charge**

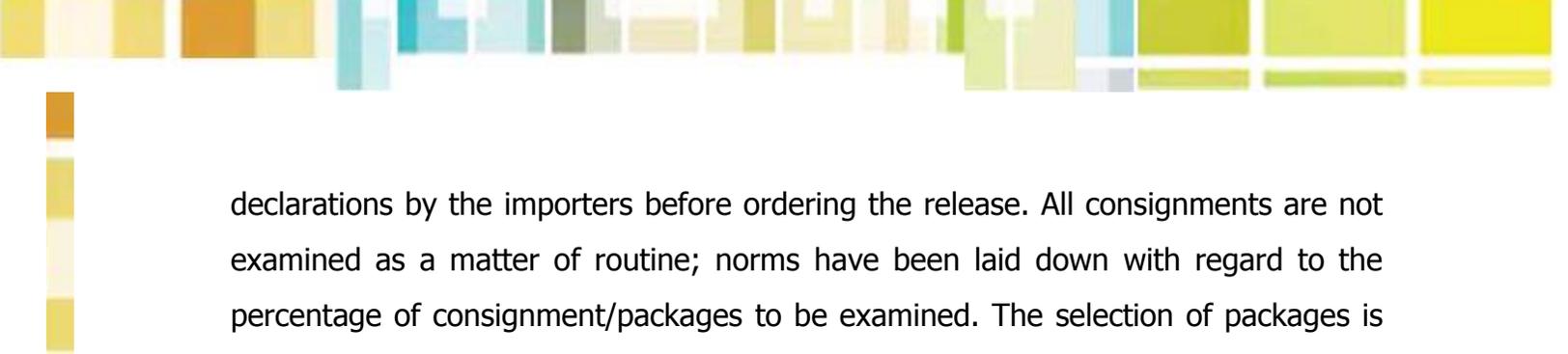
After the goods are unloaded in the CFS and the Bills of Entry are processed either by the System or by the officers, the goods are examined. Though only a percentage of the goods are examined, it is an important operation. It is reported that the system of stacking the containers, lack of adequate labour and equipments and the shortage of officers contribute to the delay in the examination.

As the volume of cargo is increasing, some rethinking on the examination of most of the cargo is required. Reduction in the percentage of cargo subjected to examination will be inevitable unless there is a substantial increase in the number of officers and equipments. Secondly extending the RMS to examination should be considered. Further even in respect of non-RMS goods, more second check clearances should be allowed i.e. goods are checked after the processes of assessment and duty payment has been completed. As already suggested, on site examination should also be introduced.

A more liberal view in respect of imports by those qualified under Accredited Client Programme (ACP) should be adopted.

Above all, Container Scanners can be used more extensively as a substitute for opening and examination of each container. India has started scanning the containers on modest scale at Nhava Sheva port but the initial proposal to extend it to other ports has not been pursued. It is reported that Container Scanners which can provide accurate details of the contents are now available and that they are able to scan more than hundred containers per hour. In fact, investment on such scanning machines can be recovered from the importers by levying a fee for scanning and the importers may not be averse to it as they would be saving at least one day by this.

Immediately after assessment and payment of duty, the documents are electronically transmitted to the CFS where the cargo is stored. The custom officers are expected to examine the cargo to satisfy themselves about the veracity of the



declarations by the importers before ordering the release. All consignments are not examined as a matter of routine; norms have been laid down with regard to the percentage of consignment/packages to be examined. The selection of packages is done by the computer at random on the basis of pre-determined yardsticks/ norms. According to the information furnished by the Custom House Agents, 69% of consignments are examined after three hours from the time of payment of duty. According to the customs data, in 55% of the cases examination take place after three hours from the time of payment of duty. Though there is some difference in the data obtained from these two sources, relevant issue is that in majority of cases, there is a minimum delay of three hours in the examination of the cargo.

While this is the situation in respect of normal cargo, there are certain special types of cargo which have to comply with commodity specific laws and regulations. Agricultural commodities, food articles, goods which have to meet BIS norms, pharmaceutical goods and packaged goods are examples of this category. They have to be either referred to specialized agencies or subjected to detailed physical examination to ensure compliance with the respective laws. It is reported that in 52.5% of these consignments, minimum time taken for this purpose is more than two hours. In certain cases where the goods are to be referred to specified laboratories not available in the port premises, the delay could be as much as 8 to 10 days. This is an area which needs procedural and policy revision to expedite the clearance of such goods.

Since most of these goods are subject to detailed examination by specialized agencies, it could be considered whether it is feasible to have an understanding with supplier countries with regard to quality standards, so that there is no need to subject the goods to the same checks and delay the release of the goods. It will also be useful if at major ports, laboratories equipped to test all such specified goods are set up by the Government. Alternatively, well-known private laboratories should also be recognized for carrying out these tests.

During the examination, the officers have also to verify the compliance with the conditions relating to exemptions under various notifications. In about 0.5% of the Bills of Entry, there are anti dumping duties, or safeguard duties which also may need verification. However it is reported that such verification is completed within one hour from the presentation of Bills of Entry for examination in respect of 97% of such Bills. In other words, compliance with these requirements does not take any additional time in vast majority of cases. Detailed examination is also required in respect of second hand machinery especially for valuation. Similarly re-imported goods are another category requiring special attention. The special examination in respect of these goods is completed within one hour from the presentation of the Bills of Entry.

From the above it is seen that on an average, 60% of the cargo is examined at least after three hours from the time of payment of duty. An attempt was made to collect the reasons for this situation. Apart from the legal requirement of examination by specialized agencies which itself is a delaying factor, the other reasons furnished by the stakeholders are as follows:

- | | |
|--------------------------------|-----|
| - Shortage of customs officers | 87% |
| - Shortage of labour in CFS | 77% |
| - Shortage of equipment in CFS | 28% |
| - Other reasons | 24% |

It is disturbing to note that the most common reason for delay is shortage of customs officers though there is a stipulation that the container freight station should meet the cost of customs officers. The Customs department needs to undertake a study to measure the amount of average work load in each CFS and the requirement of the number of examining officers for each container freight station. Secondly additional shifts need to be started in container freight stations where due to the volume of traffic, examination and release of cargo is not possible within the day time. By the time the goods are ready for examination, the duty has already

been paid. Any delay in releasing the cargo at this stage, results in cost of transaction going up needlessly.

The second most important reason for delay is shortage of labour in CFS. Another important reason for delay is the shortage of equipment. Both these are remediable and within the powers of the Customs department. The container freight stations are licensed by the custom department under the Handling of Cargo in Customs Areas Regulations. One of the conditions under these regulations is that the CFS operator should provide sufficient infrastructure, equipment and adequate man power for the purpose of loading, unloading, stacking, handling, stuffing and de-stuffing of containers, storage, dispatch and delivery of container and cargo. If the CFS operator does not comply with these conditions, the department has sufficient power to suspend or revoke the appointment as a customs cargo service provider. It is important to exercise these powers so that importers and exporters do not suffer from needless delay and consequent higher cost due to the lack of facilities in the container freight stations. Considering the fact that almost 80% of cargo is subject to such delay, urgent attention needs to be paid on these matters.

It was pointed out to the Study Group that another point of delay noticed in the recent years was due to the requirement of affixing the details such as Maximum Retail Sale Price etc on goods which are imported in retail packs. This a requirement under the Legal Metrology Act which has been incorporated in the Foreign Trade Policy in respect of imported goods. Most often the foreign suppliers may not be interested in printing or affixing the details required under the Indian law for various reasons like high cost of labour in the country of export, time delays on this count, etc. The Government has permitted the importers to affix the details in the Port/CFS/ICD before the goods are finally cleared. This requirement is causing some delay in the clearance. To tide over this difficulty, one suggestion was that affixing the details on the package should be made mandatory before the goods are shipped to India. However, some sections of the trade also pointed out that this could be counterproductive as this could lead to increased cost which could offset the advantage of faster clearance. Therefore, the Study Group felt that the existing flexibility of permitting affixing the labels in the CFS/ICDs may be continued.

The Study Group also studied the total amount paid by importers towards fees and charges for clearance of the cargo at the CFS. It was gathered that on an average, the payment to CFS for every Bill of Entry comes to Rs.63,736. This includes the payment of overtime to custom officers if the examination takes place during the second or third shift. The overtime payment on every Bill of Entry is about Rs. 1,000. Thus, the payment to the CFS on an average comes to Rs. 63,000 towards the ground rent, equipments charges, cost of labour etc. The cost per Bill of Entry appears excessive and there is considerable scope for reducing the same. It is gathered that the container freight stations generally do not allow any free period for storage of container to the importers and they levy the charges on the basis of TEUs.

Majority of the CFS and ICD operators claim to have established a proper system of publishing their tariff structure and procedures. Most of them have their own websites where all the information required by the clients is available. However in actual practice it is understood that the importers mainly rely on the customs house agents as the actual sources of information.

After examination the CFSs generally take less than one hour to complete their procedures and the ultimate release of their cargo.

- **Examination by other Government Agencies**

In addition to the examination carried out by customs authorities, the import cargo is also subject to inspection and certification by other government agencies, depending upon the type/nature of goods and the origin. Some of the key organisations are Plant Quarantine Organisation (Ministry of Agriculture), Port Health Organisation (Ministry of Health), Drug Control Authority etc.

Plant Quarantine Organisation

The Plant Quarantine Organisation of India (PQOI), Directorate of Plant Protection, Quarantine and Storage is responsible for inspection of imported agricultural commodities for preventing the introduction of exotic pests and diseases into India,

and inspection of agricultural commodities meant for export from India, as per the requirements of importing countries under the International Plant Protection Convention (IPPC).

There are 35 Plant quarantine Stations at different airports, seaports and land frontiers for implementing the Plant Quarantine regulations. The National Plant Quarantine Station, New Delhi and Regional PQSs at Chennai, Kolkata, Amritsar and Mumbai have been strengthened with modern equipment for plant quarantine testing, etc., to facilitate speedy clearance of imports and exports under the FAO-UNDP Project.

As per data provided by the plant quarantine stations at the ports covered in the study, the average time taken for inspection and certification of consignments is as follows:

Type of agricultural commodity	Average Time taken for Inspection and Certification
For all perishables (such as fresh fruits and vegetables) and for commodities not requiring fumigation	Less than 1 day
Plants & Plant materials for consumption, and those requiring fumigation	More than 1 day, but less than 3 days
Seeds, bulbs, tubers, rhizome etc. for propagation	More than 3 days (up to 7 days)

The main constraint faced by the Plant Quarantine authorities is the lack of dedicated area for fumigation of goods within the premises of ports, CFSs, ICDs and custom bonded warehouses. Further, the inspection by Plant Quarantine officials is carried out in the presence of customs appraising officers, who are usually available only in the afternoon, because of which effectively only half working day is utilized.

For export consignments, fumigation is usually carried out at the premises of the exporters.

Another constraint faced by Plant Quarantine officials relates to the lack of adequate equipment at the ports for shifting of containers stacked on top of each other.

From the problems encountered by the Plant Quarantine Authorities given above, it is clear that most of them can be solved by proper coordination with other agencies like Port and Customs. Issues like inadequate infrastructure within the Port area or absence of customs officers are internal to the administration and sorting them out by mutual discussion will facilitate the trade to a large extent.

Port Health Organization (PHO)

The Port Health Organization is mandated to ensure prevention of spread of international communicable diseases as per the Indian Port Health Rules 1955 (which in turn incorporates the provisions of International Health Regulations). The PHO functions as a subordinate office of the Directorate General of Health Services under the Ministry of Health & Family Welfare, Department of Health.

PHO has the responsibility for testing and certification based on samples drawn by customs officials. Depending upon the type of commodity and nature of testing required, the same is carried out at local laboratories or sent to nearest laboratory approved by Department of Health. For example at JNPT Nhava Sheva, samples are sent to CFL Pune for certain types of tests for which facilities are not available in Mumbai itself. Similarly, for goods arriving at Chennai Port, most of the tests are conducted at The King's Institute of Preventive Medicine in Chennai. However in some cases, samples are sent to Central Food Technological Research Institute (CFTRI), Mysore which takes much longer to get the test reports due to the additional transit time.

As per data shared by PHO offices at selected ports, about 60% of the consignments are cleared within 3 days of receiving the samples, 20% within 3 to 7 days and in 20% cases, it takes more than 7 days.

While the importers / CHAs have generally corroborated the above statistics, they also cite specific cases where the clearances can take as long as 8-10 weeks.

The checks by the Health Authorities cannot be avoided and no one will grudge the same. However, to minimize the delay they are causing in the clearance of the cargo, greater efforts have to be taken to identify laboratories in the same cities/ports where imports take place, which are competent and equipped to carry out the tests.

Several agencies are involved in permitting clearance of goods of different categories or to conduct their examination at the point of import/export of cargo. This at times causes considerable delay. It was suggested to the Study Group that a 'Single Window Clearance' system should be devised to eliminate the need for the importer/exporter to go to all these agencies individually to obtain necessary clearances. The Study Group examined this suggestion. Considering the fact that these agencies are enforcing various laws having their own peculiar and specific requirements, getting all of them at a single window may not be practical. However, it is desirable to create a single window interface for the importer/exporter to get their goods cleared. One nominated agency, ideally the customs, should be designated as the nodal agency to interface with the importer/exporter and they should have electronic connectivity with all other relevant agencies to internally get the clearances of all agencies and then convey the same to the importer/exporter.

- **Detention of Cargo due to Contraventions**

There are a few groups of Bills of Entry which are detained due to certain unavoidable reasons. These are dealt with in the following paras. While their detention is inevitable, in the interest of trade facilitation, it needs to be ensured that the period of detention is minimized to the extent feasible.

a) Adjudications

About 1% of the Bills of Entry are detained for contraventions and subjected to adjudication. The period of detention of such cargo is as follows:

Period of detention

- Less than one day 7%
- More than one day but less than 3 days 24%
- More than three days but less than 7 days 29%
- More than 7 days but less than 14 days 17%
- More than 14 days but less than 30 days 18%
- More than 30 days 5%

It is a matter of concern that almost 70% of such Bills of Entry are detained for more than 3 days. While contraventions have to be dealt with severely and procedures of natural justice have to be observed, the Department can take appropriate measures for telescoping them by waiver of show cause notice or personal hearing and by issuing orders expeditiously especially in cases of technical violations and violations with no major impact on revenue.

The members of the Trade in general expressed their unhappiness over the quality of adjudications by the departmental officers because of their pronounced pro-revenue bias. It was pointed out to the Study Group that the adjudicating officers, in their zeal to confirm demands of duty, often ignored existing judicial precedents of higher judicial forums. This causes considerable delays and additional costs to the trade. It was suggested to the Study Group that the officers who ignored the orders of the higher judicial forums should be made answerable for their actions and penal action should be taken against such officers.

The Study Group found some truth in these observations of the trade. The adjudicating officers tend to take pro-revenue decision in a large number of cases irrespective of the judicial interpretation on the same issue. The members of trade have to approach higher judicial authorities on even legally settled issues. In order to reduce the cost and loss of time because of a zealous pro-revenue approach, it is important to inculcate a more judicious approach in the officers. It was noted that the system of departmental review of adjudication orders also did not examine the 'propriety' or the 'legality' of the orders which were in favour of the Revenue. Because of these practices, the credibility of the entire system of departmental adjudications was getting seriously eroded. The

Department needs to intervene to set this situation right and enforce judicial discipline among the officers. One step in this direction could be that the quality of adjudications and the number of orders upheld at the first stage of appeal should form part of performance appraisal of the officers. A second step could be that the system of Departmental Review of the adjudication orders should also examine at the orders passed in favour of Revenue by ignoring established judicial precedents and officers found to be doing this on regular basis should be given training to improve their quality of adjudication.

b) Examination by Special Valuation Branch (SVB)

Yet another group of Bills of Entry which are detained are those where the declared values have to be examined by the Special Valuation Branch (SVB), is a section in the Customs which investigates all imports from related parties. The Customs department has indicated that examination by SVB is only for 0.5% of the Bills of Entry. The SVB investigation is independent of the assessment process. Still there is no doubt it is one of the factors delaying the concerned Bill of Entry. The investigation by SVB can take anywhere between one month to six months though according to Board's instruction, decision on the SVB investigation should not go beyond four months and if it does, the importer should be exempted from the extra duty deposit which he otherwise has to make. There are also instructions that the matter should be referred to SVB only if, on prima facie scrutiny by the assessing officer, the declared value appears to be influenced by the relationship between the importer and the supplier. Further, goods should be released under provisional assessment taking an extra duty deposit and after execution of bond and bank guarantee. In actual practice, however, such investigation takes much longer in majority of cases. Even to comply with the requirements of provisional assessment, it takes at least one week.

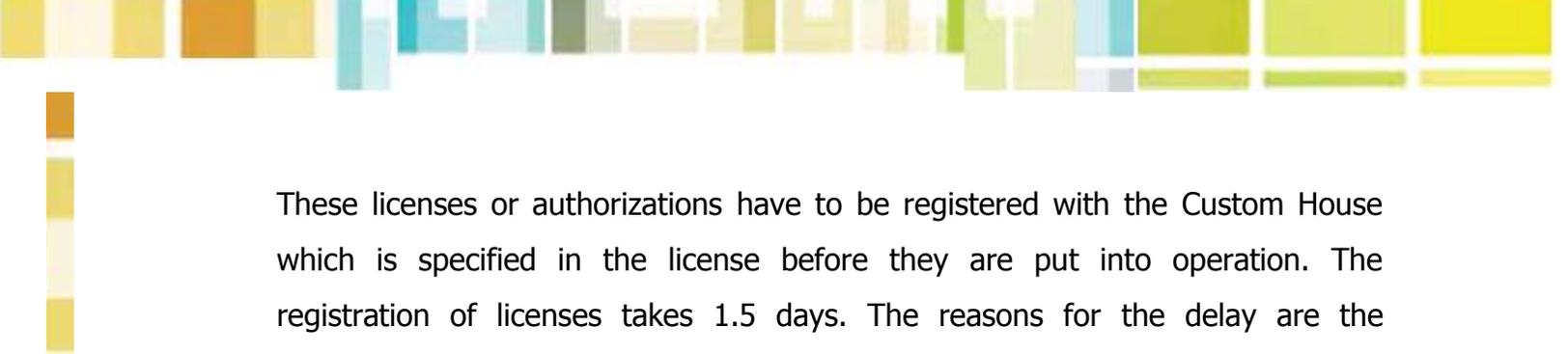
With the increasing foreign investment by multinational companies in India, related party transactions are on the increase. Similarly collaboration, manufacture under License, transfer of technology etc. are also increasing.

Therefore, it is inevitable that there are issues relating to transfer pricing necessitating the scrutiny of the declared prices. Though there are orders for provisional release of the goods, the present system of provisional clearances is time consuming and needs to be re-examined to simplify and expedite the clearances. At present Bond with Bank guarantees as also extra duty deposit are taken for such provisional clearances. Executing the Bond along with the Bank guarantee is a time consuming process. Since most of these importers are multinational companies and importers with good track record, provisional assessment on the basis of a simple letter of undertaking to abide by the decision of the SVB with extra duty deposit should serve the purpose. This will help to reduce the detention period from one week to one day.

c) Bills of Entry under Export Promotion Schemes

It is reported by importers/CHAs that 14% of Bills of Entry are filed under various import authorisations issued under Export Promotion Schemes. The present schemes of export promotion can be broadly categorized into two groups. The first group of schemes permits duty free imports under Import Authorizations given to exporters for the import of inputs and capital goods meant for export production. Under the second group of schemes, duty free / concessional duty import authorizations are given to exporters at a fixed percentage of export realization for achieving exports to specific markets or of specific products. Apart from the imports under such import authorizations, there are also the imports by the 100% Export-Oriented Units and by units in the Special Economic Zones.

The import authorizations issued by the DGFT under the above schemes are not authorizations to import the concerned goods as the import of almost all goods are free of any control at present. These are authorizations to claim exemption from duty or to make the payment of the duty by means of these scrips. The administration of these Schemes is by means of exemption notifications issued by the Ministry of Finance.



These licenses or authorizations have to be registered with the Custom House which is specified in the license before they are put into operation. The registration of licenses takes 1.5 days. The reasons for the delay are the following:

- Valuation and unit price of the items
- Product category disputes
- Legal undertaking
- Bond/Bank guarantee
- Factory /Central Excise registration
- Export House certificate
- Verification of genuineness of Central Excise Certificate

It may be argued that the delay in registration would not affect the clearances as registration is a pre-import process. But such argument does not take into account the cost incurred by the exporter by way of time and manpower.

In 38% of such Bills of Entry, the import licenses are registered in custom houses other than the custom house where the Bills are filed. Therefore such importers have to obtain Telegraphic Release Advices (TRAs) from Custom Houses where the licenses are registered. It is reported that the TRAs take more than 3 days in 42% of the cases. With the installation of a single server for the entire country, the problem of TRA may not exist any longer. A more importer-friendly step would be to store all licenses/authorizations in the system enabling any Customs formation to access the same and debit them, thus dispensing with the need for TRAs altogether.

A more radical step for solving the issue would be to dispense with physical licenses/authorisations altogether. Instead of paper licenses, it should be possible to feed the customs system with the details of the licenses directly from the DGFT office and as suggested, all such licenses can be registered centrally.

With the advent of a single server for the entire country, there should not be any need to exchange information relating to the particular licenses by different custom houses. The data for the licenses available at the Central server can be accessed from different custom houses and debit can also be made.

A further measure of trade facilitation can be that, once the export promotion scheme is laid down, and the rates of incentives are determined and announced by the DGFT, there may be no need for the exporters to apply and get licenses/authorizations – whether physical or virtual. The Customs System can work out the entitlements on the basis of the export performance of each exporter and allow import of goods accordingly.

Thus the entire system of issue of physical licenses, their registration and TRA can be dispensed with resulting in saving at least 4.5 days (registration and TRA) in the clearance of 14% Bills of Entry. DGFT can be given access to this data as well as details of export against each license to enable them to carry out post export verification including fulfillment of export obligation of the licenses online.

The three categories of Bills of Entry which constitute more than 25% of all Bills of Entry are detained for periods ranging from three to seven days for the above mentioned reasons. But with a little more creative changes of procedure and use of technology, this delay can be cut down substantially.

- **Handing over the goods to the importers**

After all the liabilities of the CFS are cleared, importers have to obtain 'out of charge' order from the customs officers and thereafter take the actual delivery from the CFS. It is reported that the officers take on an average 3 hours for issuing out of charge order after examination. The CFS takes another 3 hours for actual delivery. Thus it takes about six hours from the time of completion of examination till the actual delivery of the goods. The CFS operators have indicated that for 87% of consignments the actual delivery of containers takes 1 to 3 hours after the customs examination. However, the importers have stated

that in 50% of the consignments, it takes more than 12 hours for the release of the cargo after the out of charge order. Typically the document requirements for the CFS are the following:

- Bill of Entry
- Valid delivery order
- Duty payment documents
- Customs out of charge
- Bill of Lading copy
- CFS payment receipt
- High Sea contract copy
- IEC copy
- Stamp duty paid receipt

Obviously this list of the documents insisted on by the CFS is too long and many of them may be unnecessary. Most of the information would be available on their system like duty payment details, customs out of charge etc. Documents like bills of lading, High Seas contract, IEC copy etc. are not required to be examined by the CFS. By asking for so many documents, precious time is wasted and it increases the release time to six to twelve hours.

According to importers, 50% of the consignments take more than 12 hours for release after the out of charge is given. The delay according to them is due to the following:

	(% of respondents)
• Shortage of trained staff and labour	84% ⁸
• Shortage of transport	60%
• Shortage of equipments	33%

⁸ The figures indicate the percentage of respondents citing the specific factor as a cause for delay. As the respondents have cited more than one reason, therefore the total is more than 100%.

- Security procedures 33%

It appears that there is considerable truth in the statement of importers with regard to the delay after the out of charge order is issued. The ground reality is that there is shortage of man power and transport in most container freight stations. These can be rectified only by more stringent action and close monitoring of CFS's level of service by Customs department. It is reported that most container freight stations are making substantial profits but it appears that the quality of service leaves much to be desired. Since they have become an essential part of the imports/exports transactions, there is a need for their effective regulation so that the quality of service is maintained at acceptable levels and the cost to the clients is reasonable. There are complaints from importers and Custom House Agents regarding corruption and lack of transparency in the procedures of CFS resulting in further increase in the cost and time taken for clearance.

In the case of LCL⁹ cargo the containers have to be de-stuffed. This requires additional labour and takes more time. It is reported that the de-stuffing alone takes from 10 minutes to 3 hours. The CFSs do not allow outside labor to do this work.

Another element of delay reported in release of goods is regarding time consumed in pasting labels containing consumer information on imported food products (like Maximum Retail Price, date of expiry, etc.) in the CFS or a warehouse. In order to cut down the time taken for goods release on this account, it is suggested that by law, these should be mandated to be affixed in the country of manufacture itself.

The study found that after the release of the cargo, it takes about 12 hours for the cargo to reach the importers' premises. The maximum time reported was 90 hours. This is due to delay *enroute* the factory/warehouse of the importers. The reasons for the delay on the way are mainly the check posts at the state borders and the

⁹ Less than Container Load

payment of local taxes like Octroi. The compliance with the documentary requirements of these agencies takes substantial time on the way.

Transit Cargo

In India there are no legal impediments for the transit of import cargo meant for land locked neighboring countries like Nepal and Bhutan. The highest number of International transit containers is handled at Kolkata Port, where 33,274 TEUs transited in 2008-09 to Nepal and Bhutan. It is reported that the total share of the transshipment containers is 2.5% of all the containers, and about 11% of break bulk cargo for international transshipment.

The containers transiting through Kolkata are first unloaded and removed to the CFS. The shipping agents can file transshipment applications either before or after arrival of the ships. It is reported that the processing of transshipment applications is not being done on the EDI. However, the time taken for permission of the transshipment is generally between 1 to 3 hours. About 60% of applications are completed within 3 hours and another 20% within 6 hours.

Once the permission is granted, the CFS can load the containers on to the trucks which is not done under custom supervision. It is reported that within 4 hours from the grant of permission, the loading of the containers is completed. The customs requires a number of documents for the purpose of transshipment, namely:

- Bank guarantee (15% to 30% of the value of the consignment)
- Transshipment Bond(100% to 299% of the value)
- Air way bill, invoice, manifest
- T.P copy issued by customs
- L.R. and IGM endorsement
- customs transit declaration

Generally execution of bond and bank guarantee takes about a day though at some Ports, the facility of running bond has been permitted. In short the entire process of



unloading, grant of permission, loading on transit trucks and documentation take a minimum period of one day.

There is scope for reducing the time taken for the clearance of transit containers, through computerization of the entire process.

Similarly since most of the transit containers are handled by the same agents, the Bond and bank guarantee can be simplified and depending on the track record of the importers / agents, waiver of the bank guarantee can be considered. It is reported that in 60% of the cases the confirmation regarding the receipt of containers at the destination is received within one week. This time can be considerably shortened by use of IT applications to track the movement of cargo. It is understood that the actual transit time is 1 or 2 days and detention at the land border is one day.

3. Exports

Although the process of exports starts with the receipt of order, this Study focuses on the actual movement of goods from the factory, till the time they leave the shores of India.

- **Filing of Shipping Bill**

Shipping Bills are the documents filed under Section 50 of the Customs Act for the 'assessment' and clearance of export consignments. With the increase in exports, their number has been registering a steady increase. The number of Shipping Bills varies from port to port.

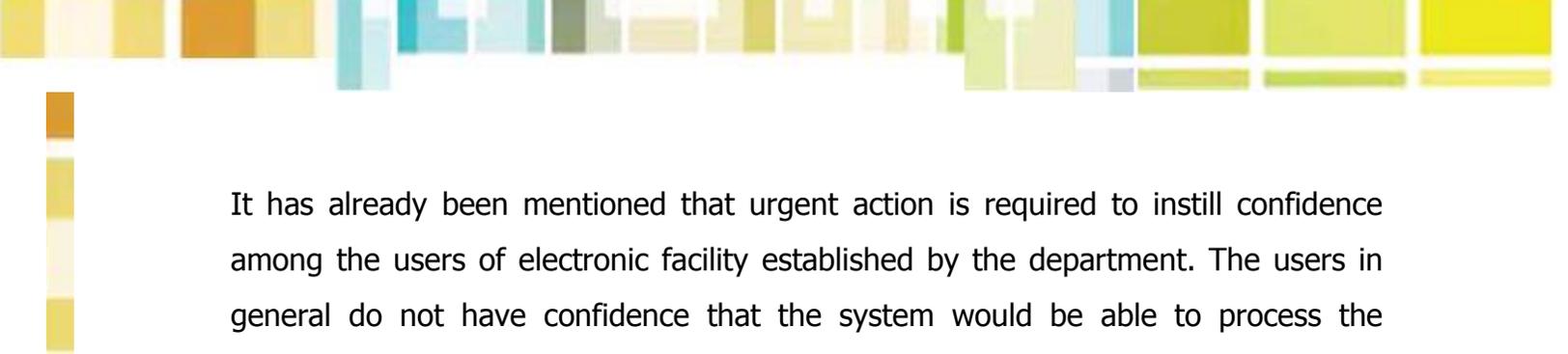
In 2008-09, the average number of Shipping Bills filed per day in some of the major customs station is indicated below:

Average no. of Shipping Bills filed per day

Chennai	960
Kolkata	244
Nhava Sheva	3,000
Bengaluru	1,000
Source: Data from Custom Houses	

About 72% of Shipping Bills are filed electronically from remote locations and 17% from the service centers. Remote filing is a major step in the direction of easing the delay in this procedure.

The exporters and CHAs have expressed some difficulties in filing the Shipping Bills from remote locations. According to them there is delay in getting the Shipping Bill numbers if the System slows down due to heavy traffic. Secondly there is some uncertainty in the acceptance of the Shipping Bills by the ICEGATE due to limitations of the ICEGATE servers. All the same the remote filing has gained considerable popularity and majority of Shipping Bills are presently being filed on the ICEGATE.



It has already been mentioned that urgent action is required to instill confidence among the users of electronic facility established by the department. The users in general do not have confidence that the system would be able to process the documents promptly because of their past experience. With the installation of the Central Server and the advanced software, these problems are likely to ease.

The Shipping Bills for clearing the export consignments are permitted to be filed in advance as in the case of imports. Generally the agents file Shipping Bills one or two days before the actual 'carting' of the goods to the ports. This is one of the methods by which the exporters are able to tide over the uncertainties of the remote filing. After the Shipping Bills are registered, 75% of them are assessed in less than one day and in 17% cases, it takes more than 2 days. At present the assessment based on risk management has not been extended to processing of Shipping Bills. RMS based assessment of Shipping Bills needs to be introduced at the earliest which would help address the delays and uncertainties existing today.

There is a general perception that unlike in the case of imports, the processing of export documents is done with much less severity because there is no revenue impact in the case of exports. This perception is not wholly true; a number of export promotion schemes and export incentives which imply substantial outgo of revenue, have been announced in the Foreign Trade Policy. All these schemes basically extend the facility of duty free imports by issuing of import authorization against exports made. In some cases, the imports are meant for export production while in some others, the imports can be any material not necessarily used in exports.

Most of these schemes permit imports based on the value of the exports. Therefore it has become important to examine the declared value of exports. In addition export promotion schemes are dependent on various other parameters like specifications, nature of the products, destination of the products etc. Therefore it has become essential to examine the documents from the perspective of those schemes to ensure that the goods exported are in accordance with the provisions of the schemes.

Therefore, to a large extent, the delay in processing of documents can be attributed to the requirements of the Export Promotion schemes.

While the system of processing of the export documents be continued for such export promotion schemes, for other export consignments, it is suggested that the documents may be filed electronically into the customs computer system and the goods be taken for export on the basis of an automatically generated registration number without a formal approval from the customs. In other words, such goods should be allowed to be exported on the basis of intimation to customs regarding the nature of the goods in order to facilitate the collection of statistics. This system of course should not act as a bar for any enforcement agency from examining any cargo if there is any intelligence or doubt about its nature or value.

As India is becoming more and more integrated with the world economy, it is important that quality and speed of collection and publication of its data regarding imports and exports should improve substantially. This will not only help in monitoring its foreign trade policy more effectively but will also assist in evaluating the impact of the Free Trade Agreements signed by India and in better implementation of the WTO related instrumentalities like safeguard and anti-dumping measures, special safeguard measures for agricultural products (upon the conclusion of the Doha Round) and various tariff rate quota regimes. In this regard, it will be useful to carry out sample checks of the data fed by the exporters in the customs EDI system and introduce a reward system of exercising lesser checks on those exporters who file their declarations accurately and carry out greater scrutiny for those who are found to be deficient in this regard.

- **Examination**

The Study Group studied the system of examination of export cargo from the trade facilitation perspective. The exporters have the option to get the goods examined by Central Excise officers at their factory premises or by the Customs officers at the Port. In the normal course, export examination has to be done by the Customs

officers at the Port of export. Since this involves unpacking the goods at the CFS near the Port for examination resulting in inconvenience and at times loss of goods, exporters are permitted to have the goods examined in the factory of manufacture or the warehouse by the jurisdictional Central Excise officers. This is a measure of export facilitation.

However, only about 5% of the consignments in Mumbai and about 25% in Calcutta are being examined in the factory. Apparently, the system of factory examination is not very popular with the exporters, due to several reasons.

First there are certain inbuilt delays and disincentives in the systems. It is reported that on an average the Excise officers take 2.14 days to examine the goods after they are ready for shipment. The exact time taken by the officers for examination of the goods after they are ready for despatch is as follows:

- Less than 1 day 17%
- More than 1 day but less than 2 days 51%
- More than 2 days 32%

Thus 83% of the consignments wait for more than one day for the officers. In addition to the delay in examination, almost 50% of the exporters reported that they were paying overtime fees for the excise officers who came for examination of the cargo to the factory and the average amount of overtime fees was Rs.4,630 per container. Yet another feature of this facility is that the exporters are required to obtain the permission from the Commissioner of Customs at the Port through which the goods are exported, before getting the goods examined by the local Central excise officers at the factory. It is reported that this permission takes about two weeks and has limited validity and has to be renewed. After the examination of the cargo, the officers have to permit and supervise the stuffing of the cargo in the containers. This again means time and cost for the exporters.



Apart from the systemic deficiencies indicated above, there are several factors which slow down the process of examination and stuffing of cargo at the factory. Some of these factors are shortage of Excise staff, the documents not being ready, shortage of transport, shortage of containers, and the extra legal demands from the officers.

Though the facility for stuffing the cargo in the factories is designed as a measure for reducing the delay in the processing of export documents, it has not served the purpose. The fact that only 5% of consignments are examined at the factories in Mumbai where maximum exports take place is an indication that the exporters have chosen not to utilize this procedure. The reasons are not far to seek; the conditions imposed on the exporters, the expenses they have to incur and above all the unjustifiable delay.

The entire scheme of factory examination needs to be reviewed. The system of prior permission from Commissioner of Customs can be dispensed with as this does not appear to serve much of a useful purpose. The local officers must be ready to examine the cargo at short notice. For this purpose, if necessary, additional officers should be posted. Since examination of export cargo is a requirement specified by the Government, the entire cost must be met by the Government whether it is done during the office hours or beyond office hours. By making these facilities more popular, the Government will be able to reduce the work load at the port and also substantial cost saving at that end. Above all, there appears to be a paradox in charging for services like examination and thereafter giving huge export incentives. Even if the export incentives are reduced marginally, exporters may not complain if they are able to get services of officers on time and at no cost.

Of course there are certain other factors which delay the movement of the cargo from the factory to the port like shortage of transport and shortage of containers. These are factors not within the purview of the Government. The Export Promotion Councils should attempt to address these issues.

Majority of export consignments are still examined and stuffed in the container freight stations at the port. The cargo is shifted to the container freight stations and kept there for examination by the customs officers. While the cargo is being moved to the Port, the documents are filed for assessment at the Customs House and after the documents are cleared by the assessing officers, the cargo is examined by the customs officers at the CFS. It is reported that in 50% of such consignments, the examination takes place only after 6 to 12 hours of transportation to the CFS. Only in 26% of consignments, examination is done within 6 hours. The delay is partly accounted for by the time spent waiting for the customs officers which alone is about 3 hours. From this it is clear that at least one working day is lost after the goods are transported to the CFS. However, according to the customs data, 75% of the Shipping Bills are cleared within 3 hours of EDI clearance of documents while 25% of export consignments take 6 to 24 hours. After the examination the customs officers have to supervise the stuffing of the container. It is reported that in 66% of the consignments, this process is completed in less than 3 hours after examination. The factors which cause the delay in the examination and stuffing are:

- shortage of customs officers 3 to 5 hours
- shortage of labour 2 to 3 hours
- shortage of equipments 2 to 3 hours
- improper stacking of containers 1 hour
- delay in production of cargo/requisite documents by importers / CHAs

Taking the overall picture, it can be safely concluded that one working day is lost in the entire process of examination and stuffing at the CFS.

However, the feedback from the CFS and ICD operators gives a more encouraging picture. According to them the customs officers take about 3 hours for examination after the cargo is ready and the cargo is stuffed under the supervision of customs officers within a period of 2 hours after the examination. Of course this period of 5 hours is computed from the time after the cargo is ready for examination. In other



words this does not take into account the delay due to shortage of labour, shortage of equipments and improper stacking of containers and also the delay on the part of customs house agents in producing the cargo or the documents due to various other factors. Thus in the final analysis, the conclusion that one day is lost due to the above mentioned factors for customs examination and stuffing of the cargo in the containers remains valid. It is also indicated that in 55% of the cases, merchant overtime fee is charged by the customs officers for examination and stuffing of the containers and the average payment comes to about Rs. 4,080 per container. Thus whether the containers are examined at the factory or in the CFS, the merchant overtime fees of about Rs. 4,000 – 5,000 per container is incurred by the exporters. It is reported that subsequent to the stuffing of the containers, there is further delay in 82% of the cases in loading the containers on trucks due to shortage of labour and equipment in the CFS. It is reported that this delay is on an average about 2.5 hours. The exporters also stated that only trucks nominated by the CFS or shipping company are permitted to carry the containers to the port. No doubt this further adds to the delay and also cost to the exporters because of the limited number of such trucks.

The total time taken from the arrival of the cargo at the CFS to its departure to the port for loading on the ship is one and half days. As 95% of all cargo is examined and stuffed in the CFS, this delay is affecting almost the entire export trade of the country.

To reduce these problems and to ease the present bottlenecks in export examination, a re-examination of the entire policy framework of export incentives is called for. The entire process of assessment and examination of export cargo should be dispensed with in the long run. Though this could be the long-term objective, there should also be a short term plan for minimizing the time taken for completing the formalities under the existing requirements.

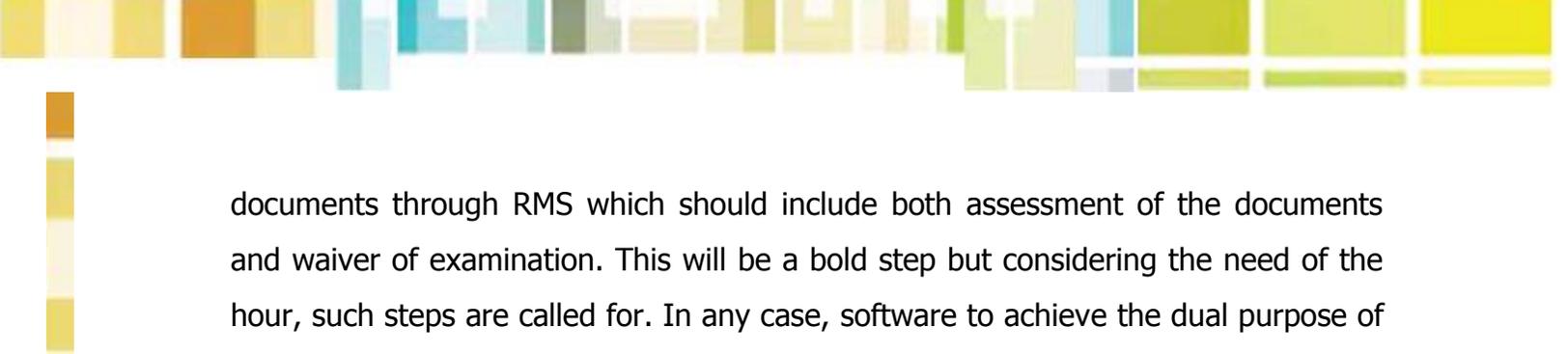
At present the percentage of export cargo examined by the customs varies from 10% to 50% depending on the value and the destination of the cargo. Generally the scale of examination is as follows:

Value of goods	% of examination
Up to Rs 1 lakh	25% for sensitive places (Dubai, Sharjah, Singapore, Hong Kong & Colombo); Others 2%
More than Rs 1 lakh	50% for sensitive places ; Others 10%
EPCG & DEEC: upto Rs 5 lakhs	25% for sensitive places ; Others 2%
EPCG & DEEC: more than Rs 5 lakhs	50% for sensitive places ; Others 10%

Since the documents under claim for drawback and under export incentive schemes run into several thousands every month, the scale of examination of the cargo, even though on a limited scale, is likely to take considerable time especially when there is a shortage of officers. With increase in the export trade, the burden on the customs officers is likely to increase further. As the number of officers is limited and is unlikely to increase substantially, in the long run, the cost and the delay in the clearance of the export consignment is likely to go up further.

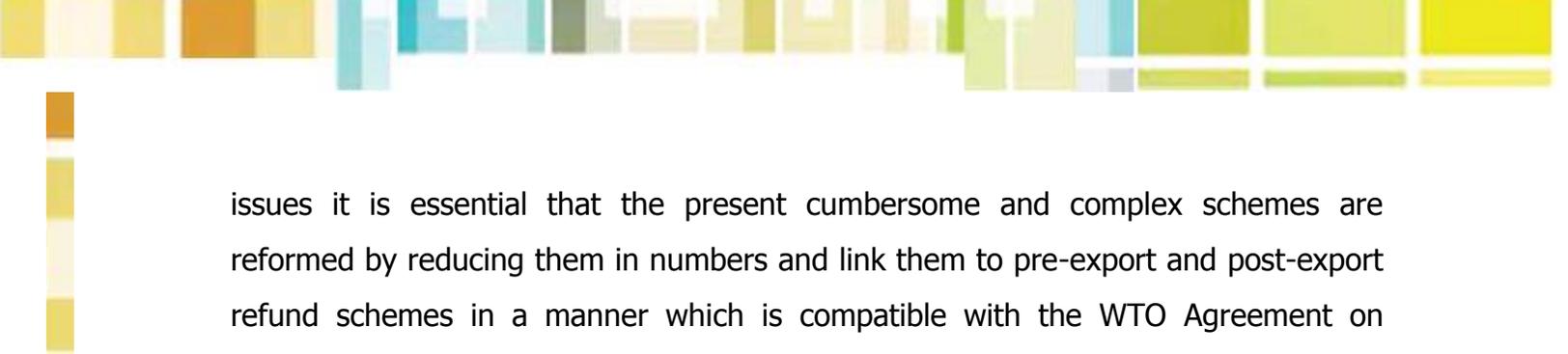
While the objectives of the export promotion schemes are valid, the implementation of the schemes is fraught with considerable controls on the exporters resulting in burdensome compliance requirements. In this regard, in the long run there is a need for systemic overhaul. However in the short run, there is need to think of ways to achieve greater speed of clearance within the existing system.

Some of the options available are the following. First, a conscious decision has to be taken to reduce the percentage of cargo being examined. For this, a risk based assessment would be the best way out. It may not be difficult to devise a risk management system for export clearance. When fifty percent of the import documents where the revenue stake is much higher are being cleared under RMS, there is justification to look at clearance of at least eighty percent of the export



documents through RMS which should include both assessment of the documents and waiver of examination. This will be a bold step but considering the need of the hour, such steps are called for. In any case, software to achieve the dual purpose of complying with the requirements of the export promotion schemes and eliminating needless delay can be a distinct possibility. Yet another option available is the Accredited Client Programme. Exporters with good track record can be given the facility of clearing the cargo without detailed examination.

There is no doubt that the present export promotion schemes are acting as major drag on expeditious clearances of export cargo. Besides they are also causing large scale administrative burden and considerable increase in the transaction cost for the exporters. Therefore in the interest of overall simplification of export procedures and to achieve reduction in the transaction cost, it is advisable to have a more transparent and easier to administer export promotion schemes. At present though there are a number of schemes, all of them revolve around exemption from payment of import duty on raw materials or capital goods meant for production of export goods. In addition there are certain incentive schemes under which import scrips are given to the exporters for duty free import of any items. Both the schemes, i.e. scheme for import authorization of capital goods and raw materials and the scheme for issue of import scrips involve huge amount of paper works by way of applications to the DGFT with supporting documents. In the DGFT there is elaborate machinery for deciding the ratio of imports to be permitted. Queries, clarifications and personal visits to licensing officers are inevitable in this system. Further the customs department which is responsible for administering the schemes and for monitoring the export performance has equally large number of persons deployed for the purpose. Here also a number of correspondence, documentations and personal interviews for clarifying the queries are common. Above all, schemes like the EPCG, extends over a period of 8 to 12 years. Keeping track of individual imports for such long period is a herculean task especially when the possibility of misplacing documents is common in Government departments. In the light of these



issues it is essential that the present cumbersome and complex schemes are reformed by reducing them in numbers and link them to pre-export and post-export refund schemes in a manner which is compatible with the WTO Agreement on Subsidies and Countervailing Measures from countervailing duty perspective. Schemes like drawback and advance authorization seem to be the most appropriate for this.

At present the customs and the DGFT have achieved considerable extent of computerization of their operations. In view of this it should be possible to develop the necessary software which will work out the entitlement of each exporter as soon as Shipping Bills are filed claiming the benefit under any export promotion schemes. The benefit so worked out would be on the basis of the schemes designed and promulgated by the DGFT as at present. The customs computer being a centralized system can store the import entitlements of each exporter and as soon he imports any goods and claims the benefit of these entitlements, it can be automatically extended to him and appropriate deduction can be effected in the System. Even where such entitlements are transferable, the transfer can be made by appropriate intimation to the customs by the holder of such entitlements. However, the whole policy of transferability of scrips also requires a fresh look, as this not only increases the transaction cost in terms of more elaborate checks, but also goes against the basic WTO discipline of permitting duty neutralization to actual manufacturer/exporter.

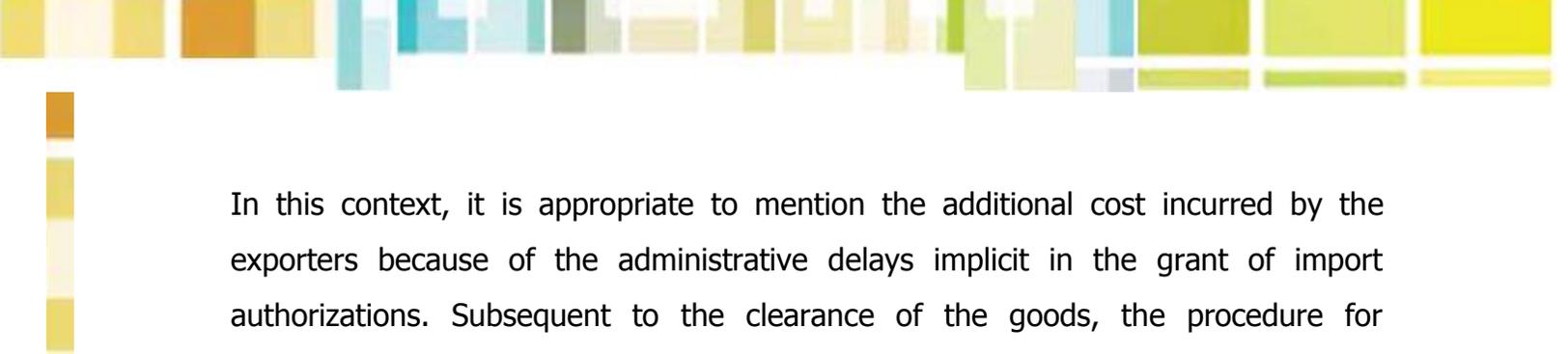
Monitoring of export performance can also be done by the System. Virtually all the export promotion schemes can be implemented by the customs Systems almost untouched by human intervention on the basis of policy notified by the DGFT and the exemption notifications issued by the Finance Ministry. This will eliminate the large amount of paper work and save substantial man power and time. The exporters will also stand to benefit in terms of time spent on claiming these benefits and the cost incurred for the purpose. According to the customs data, 62% of the Shipping Bills filed are under export promotion schemes. Considering the fact that more than

3,000 Shipping Bills are filed in major exports centers like Nhava Sheva and Mumbai Air Cargo complex, it is not difficult to imagine the enormous paper work generated and the man power required for processing all the claims made by the exporters. Therefore a time will come when the claims will have to be processed by the System.

There are several instances of attempts at claiming ineligible export benefits through various means. This is one of the reasons for the officers becoming overcautious in passing export consignments which entail claim of export benefits. During our interaction with the trade, one of the suggestions that emerged was that the import-export code should be given only after detailed verification about the applicants. At present, the DGFT is rather liberal in issuing the I/E code because of the concern that the trade should not suffer due to the absence of the I/E Code. But it was reported that a large number of false export benefit claims and even other violations in imports and exports are done by persons who file documents in the name of fictitious companies that have obtained import-export code. There is no doubt that it is easy to get the I/E code and many persons are misusing this facility by obtaining the code in fictitious names or after giving non-existing addresses as they know that no verification of the applicants is done before issue of the I/E code. This tendency needs to be curbed not only in the interest of revenue but also for the protection of the genuine trade. Of course, the Study Group is conscious of the fact that the applications for I/E code may be far too many and very often some of the applicants may be in need of the code within a short time. In view of these factors there may be practical difficulties for the DGFT officers to do the verification themselves. Instead, such verifications can be outsourced as has been done by the Income Tax Department for the issue of PAN Cards.

About 60% of the exporters stated that consignments under export promotion schemes take much longer for processing on account of procedures involved which include:

- | | |
|---------------------------------|-----|
| - Detailed examination of cargo | 57% |
| - Collection of samples | 36% |
| - Collection of specifications | 7% |



In this context, it is appropriate to mention the additional cost incurred by the exporters because of the administrative delays implicit in the grant of import authorizations. Subsequent to the clearance of the goods, the procedure for obtaining the various entitlements from the DGFT has to be initiated by the exporter. It is reported that in 51% of cases, it takes more than one month for obtaining the import authorizations. Fifty five percent of the exporters have stated that this delay is caused by the difficulty in compiling the required information and documents for application. Similarly 52% of exporters have attributed this delay to the absence of SION norms. In short majority of the exporters have to wait at least one month for obtaining duty free import of raw materials for export production. This delay obviously means loss of production and increasing the cost for the exporter. Ninety-two percent of the applicants receive queries and they take 7 to 14 days for answering them. Where SION norms are not available, it takes one month for fixing the same. These are mere indications of the complexity of the schemes which have been designed without taking into account the possibility of loss of production and increase in the cost for the exporters.

This does not mean that no attempts have been made to expedite matters. In fact at present exporters are able to file application electronically and in 92% of cases, they are processed online. Even queries are raised on line. The processing office is able to refer to documents available in the customs data base and is able to issue licences on this basis. The licenses are transmitted to customs electronically and the customs are able to take action on the electronic licenses in 95% of the cases. What is ironic is that in spite of these steps, the import authorizations are issued after about one month from the date of application. The exporters have suggested greater computerization and better electronic connectivity among all the agencies involved for processing of export promotion schemes. In fact they support the idea of development of software which will automatically work out the entitlement under various export promotion schemes and transmit them to the concerned custom house.

- **Drawback**

About 34% of Shipping Bills are filed under the drawback claims. Draw back scheme is the oldest scheme for export promotion. Basically under the drawback scheme, the excise and customs duties paid on the inputs are being returned to the exporters. Here the rates are notified by the Ministry of Finance. The rates are either all industry rates or specific rates. Once the rates are notified, the customs department processes the Shipping Bills under claim for draw back and the amounts are credited directly to the bank account of the exporters. The department takes appropriate precautions to ensure the correct rates are given and the claimants qualify for the amount claimed. The claims of more than Rs. 1 lakh are scrutinised by the Assistant Commissioner. Despite the system of processing the claims on the EDI, it cannot be said that the amounts are disbursed with optimal speed. It is reported that the sanction and disbursement of draw back claims take from 1 day to 40 days depending upon the nature of the claims. The average time taken for disbursement of the drawback amount is as follows:

- Less than 3 days	25%
- More than 3 days but less than one week	25%
- More than one week	50%

Thus in spite of the use of EDI, 50% of exporters have to wait for more than one week to get their draw back amounts. It is reported that the delay occurs due to the incorrect claims, incomplete documents, dispute about valuation, and errors in EGM etc. It may be mentioned that several committees and expert groups have already examined the ways and means to expedite disbursement of draw back amounts, and their recommendations have been implemented to a large extent. However, from the perspective of the exporters, these periodic changes in procedures have had only marginal impact. The present system of fixation of Brand rates of Drawback is complex and time consuming. However, given the fact that this is a more WTO compatible method of giving export incentives, there is a need to encourage its

greater use by allowing self-certification and self-credit of the amounts accruing as Brand rates of drawback which can be subject to audit later. There is also a need to evolve more transparent system of fixing the drawback refund for all Industry rate users.

There are constant complaints regarding delays in sanctioning the claims. The delay occurs mainly due to the fear of fraudulent claims. Since the basis of the drawback rates is the FOB value, the exporters stand to gain substantially by inflating the export value. This leads to disputes over valuation of export goods. Though the Export Valuation Rules were notified in 2008, these rules have not been effective in ensuring proper valuation of export goods. However, what is heartening is that according to the customs data, the total number of Shipping Bills filed with such fraudulent claims is negligible. In view of the very small percentage of fraudulent claims, there is no justification in embarking on elaborate investigation into the declared value of export goods unless there is specific intelligence of any fraud. A conscious policy of only intelligence based investigation will reduce the time taken for disbursement of drawback amounts and bring down the transaction cost for the exporters.

- **Export Promotion Capital Goods Scheme (EPCG) and other Schemes**

Another major export promotion scheme is the Export Promotion Capital Goods Scheme under which capital goods are allowed to be imported on payment of either 0% or 3% Basic Customs Duty for export production. The importers are given 6 to 12 years for meeting the export obligation. Here also the major point of delay is in obtaining the EPCG authorization. In 38% of applications, the time taken for issue of license is around one month while in 47% it takes one to two months.

Obviously the delay in imports means loss of production and loss of exports. Here also the minimum that can be done is to issue the authorizations online and store them in customs computer for use by the department. It would avoid transmission of physical authorizations and telegraphic release advice from one custom house to

another. Given the questions regarding WTO compatibility of the scheme, it is also useful to explore the possible option of moving towards a zero or very low rate of customs duty for import of capital goods in those sectors having high export intensity, thus obviating the need for continuance of the scheme altogether.

There are a number of incentive schemes for exports, where scrips for duty free import of goods are given to the exporters as a fixed percentage of export realization. Here also it is reported that in 60% of the cases, the average time taken for getting the scrip is between one to two months. The major difficulties faced by the exporters are the following

- Absence of supporting documents like EP copy of shipping bills 97%
- Improper communication among the agencies concerned 98%
- Queries from Regional authority concerned 98%

Though these incentives are given post export and have no impact on export production, there is no dispute that prompt issue of these scrips is important for ensuring better performance from the exporters. Secondly the cost incurred for following up for clearance of the applications cannot be ignored. However given the current pace of economic growth, in the next 5-6 years India is likely to move out of the protective cover of Annex VII of the WTO Agreement on Subsidies and Countervailing Duties which permits maintenance of such otherwise prohibited export subsidy schemes. Such schemes will then be more easily challengeable in WTO. Hence the future policy framework has to take this fact into account while devising export promotion schemes.

4. Private Stakeholders' View of Government Agencies

The feedback of private sector stakeholders (importers, exporters, CHAs, Shipping lines etc.) relating to the performance of key government departments / agencies responsible for trade facilitation, is summarized below:

4.1 Information dissemination through Websites

Almost all the agencies connected with trade facilitation have reported establishing web sites which is a welcome trend, but it is equally important to ensure that it is updated with the latest information in a user-friendly manner. It is of primary importance for ensuring faster movement of cargo that all the legal, procedural and operational information is available to the clients readily and at no cost. The study team found that all ports and port operators, various regulatory agencies, all custom houses, DGFT and its subordinate officers are maintaining their dedicated web sites, which are updated from time to time. However, the level of satisfaction among users about the information on the respective web site varies from "fair" to "good" only. The feedback obtained during the study with regard to the availability of information on various websites, is as follows:

(% of respondents)

Grading	1 (Poor)	2 (Fair)	3 (Good)	4 (Very Good)	5 (Excellent)	Overall rank
Ministry of Health	5%	37%	42%	16%	0%	1
Ministry of Environment	0%	53%	26%	21%	0%	2
Ministry of Agriculture	11%	33%	44%	11%	0%	3
DGFT	10%	50%	36%	4%	0%	4
CBEC	11%	50%	32%	7%	0%	5

It is surprising that the CBEC web site gets a low rating from the users, ostensibly because the information is not presented in a user-friendly form. In fact the web sites of other departments/agencies do not fare much better either, as majority of the users have rated the web sites as just 'fair'. In the light of such response from the users, urgent action has to be taken by the departments to upgrade the design and improve the content. Special care is also to be taken, not only to put in the information but also to put it in a way which can be understood by the people who are not familiar with legal jargon.

4.2 Effectiveness of the appeal mechanism against administrative decisions

Misuse of administrative discretion is a constant complaint by the traders and one of the ways of correcting wrong administrative decisions and thus facilitate trade is through a mechanism of administrative appeal. The Study Team conducted a survey among the importers and exporters and other stake holders with regard to the effectiveness of the appeal mechanism against administrative decisions. While majority of importers and exporters felt that the appeal mechanism is well established, the rating given by them was only "fair" and "good". The following table summarises the results of the survey:

(% of respondents)

Grading	1 (Poor)	2 (Fair)	3 (Good)	4 (Very Good)	5 (Excellent)	Overall rank
Ministry of Health	0%	33%	56%	11%	0%	1
Ministry of Agriculture	0%	41%	41%	18%	0%	2
Ministry of Environment	0%	44%	44%	11%	0%	3
DGFT	0%	67%	30%	3%	0%	4
CBEC	3%	63%	32%	1%	0%	5

The fact that the users rate the appeal mechanism as fair or good is an indication that there is considerable dissatisfaction. In regard to the appeal mechanism of customs it should be mentioned that there are two levels of appeal and the highest level is by an independent Tribunal. The users are generally disappointed with the first level as it is perceived to be highly pro-revenue. Though there is greater appreciation about the independence of the Tribunal, the users are concerned with the enormous time taken for getting decisions. It is a well known fact that the Tribunal takes a minimum period of two years for the final decisions. In a situation where these decisions have tremendous financial implications, such delays upset all planning and budget for the importers and exporters. Secondly the general impression among the importers and exporters is that the department files appeals whenever a decision is against revenue, irrespective of the merits of the issue. This again introduces an element of uncertainty in the minds of the importers and exporters and they are forced to provide for contingencies for an adverse finding. Such indiscriminate filing of appeals clutters the system and contributes to the delay. The fact that the department is losing a large majority of cases in the Tribunal is an indication of the weaknesses of the cases as well as the unwillingness of the department to accept an adverse finding from the lower judicial level. There should be a mechanism to ensure that the department goes in appeal only in those cases where major questions of law are involved.

4.3 Functioning of new initiatives of the Customs Dept

There have been several new initiatives by custom department to expedite clearance of imports and exports. However majority of the clients have given these steps the rating of fair and good. The result of the survey is given in the table below:

(% of respondents)

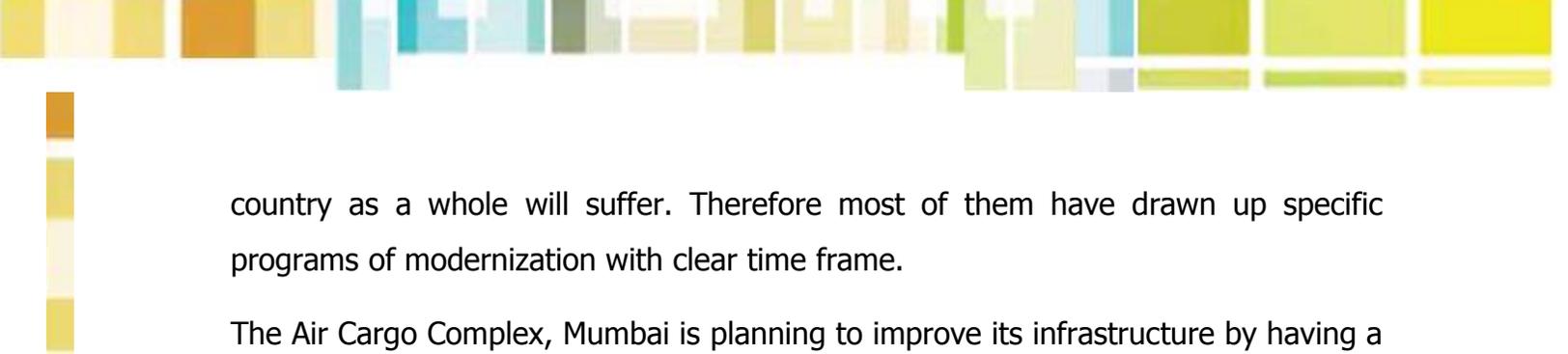
Grading	1 (Poor)	2 (Fair)	3 (Good)	4 (Very Good)	5 (Excellent)	Overall rank
Accredited Client Programme	0%	57%	26%	17%	0%	1
EDI	0%	58%	33%	8%	0%	2
ICEGATE	4%	54%	36%	6%	0%	3
Risk Management System	39%	39%	12%	10%	0%	4

Though these steps are laudable it appears that the users are yet to appreciate the same. This is either because of the lack of awareness of these steps among the clients or because these innovations are being introduced without taking the users' feedback. The technological innovations like EDI, ICEGATE, and Risk Management are major steps but appear to have been initiated without proper education of the stake holders. It will be useful if the Department undertook an exercise to educate the clients about these new initiatives.

The Customs Department officials also feel that, to some extent, the success of the new initiatives has been low as the trade has not responded in equal measure to Customs' initiatives for trade facilitation. This they feel may partly be due to lack of transparency on the part of trade.

4.4 Modernisation Plans

Trade Facilitation is an ongoing process and during the study, an effort was also made to ascertain the trade facilitation priorities of the Government stakeholders in the coming years. The study team found that almost all the stake holders are aware of the acutely competitive environment in which international trade is taking place and unless they keep pace with the fast moving times, the competitiveness of the



country as a whole will suffer. Therefore most of them have drawn up specific programs of modernization with clear time frame.

The Air Cargo Complex, Mumbai is planning to improve its infrastructure by having a larger import cargo storage and process facility with auto storage and retrieval system. It also proposes to have temperature controlled cold storage and strong rooms and additional truck docking facility in the export area for faster acceptance of cargo. Similarly it is also proposed to have Hydraulic reach stackers for storage of heavy import shipment in the Import Area in order to minimize their retrieval time.

The Kolkata Port has indicated that additional jetty is proposed to be constructed at the Diamond Harbor and additional paved yards for containers storage. It is also proposed to renovate the railway tracks within the port area and implement ECS software. More container freight stations and Inland Container Depots have also been planned along with the latest equipment and software for faster operations. It is also proposed to have the Port Connectivity System (PCS) and online container tracking system and to update the system of documentation. Most ports are planning to have modern bar coding, printing and tagging of MRP labels. Plans to establish a more effective cold storage facility and larger customs bonded warehouses are also under consideration. They also propose to comply with the requirements of customs trade partnership (C/TPAT), the security norms laid down by the US administration for the cargo meant for the US.

The customs department has drawn up detailed schemes for better service and faster clearance of cargo. Installation of container scanners in all major ports has been proposed. An elaborate LAN system for centralized data base, faster processing and data sharing is also proposed. The present RMS would be extended to exports and the existing facilitation measures is to be made more effective. The central data warehouse is planned along with connecting all customs locations through a wide area net work (WAN). Ultimately it is envisaged that all connected agencies would be integrated under one umbrella which will facilitate 100% on line processing of documents. For faster import processing, it is proposed to introduce



the advance version of ICES (version 1.5) and to enhance the RMS modules. The system of e-payment would be strengthened and an advanced system of documentation management is also to be implemented.

5. Dwell Time Analysis

Based on the description in the preceding sections of this Study, of various stages in the clearance of import and export consignments, a summary of the overall time taken, as reported by various stakeholders, is summarized below.

5.1 Imports

The average time taken at each stage of clearance of import cargo, based on the detailed description provided in this Study, is summarised in the table below. The total time taken for clearance from the time of arrival of import cargo at the port, to the receipt of goods at importers' premises is about **9 to 10 days** in respect of consignments cleared under RMS.

Activities	Responsible Agencies / Stakeholders	Time taken
1. Time taken for allotment of berth	Port Operator	1 day
2. Time taken for unloading	Port Operator	-
3. Filing of Manifests, including rectification of errors	Shipping Agent	½ day
4. Filing of Bill of Entry	Importer / CHA	1 day
5. Issue of Delivery Order	Shipping Agents or sub-agents such as NVOCCs and Consolidators	1 day
6. Shifting of cargo to CFS / Warehouse	Shipping Agents	12 hours
7. Procedures at the CFS	CFS Operator	
a. Security check		30 minutes
b. Unloading		1 hour

Activities	Responsible Agencies / Stakeholders	Time taken
8. Assessment, including resolution of queries in documentation Average time	Customs	1 to 3 days 1.5 days
9. Payment of Duty	Importer / CHA	1 to 2 days
10. Customs Examination	Customs	3 hours (8 to 10 days for special cargo)
11. Out of charge and Delivery	Customs/ CFS Operator	6 hours
12. Arrival goods at the importers' premises	Importer / CHA	12 hours
Total		9 to 10 days

In actual practice, however, the above procedures take longer, including the time taken for resolving the queries relating the Bills of Entry, and providing for the time lost due to unforeseen delays resulting from congestion etc.

The above is for Bills of Entry without too many queries and which are assessed on the RMS (which actually is applicable only in respect of 50% of the Bills of Entry). In respect of the balance 50%, they are subjected to one or more of the following additional procedures and the time taken for each such procedure is given below:

Procedure	Percentage of Bills of Entry	Time in Hours
Queries on Bills of Entry	10%	72
Provisional Duty assessment	11.5%	72

Adjudication	1%	72
Special Valuation Branch Scrutiny	10%	168
Registration of licenses and TRA for Bills of Entry under Export Promotion schemes	14%	108

Source: Study Group's Survey of stakeholders and data obtained from DG Systems, CBEC

5.2 Exports

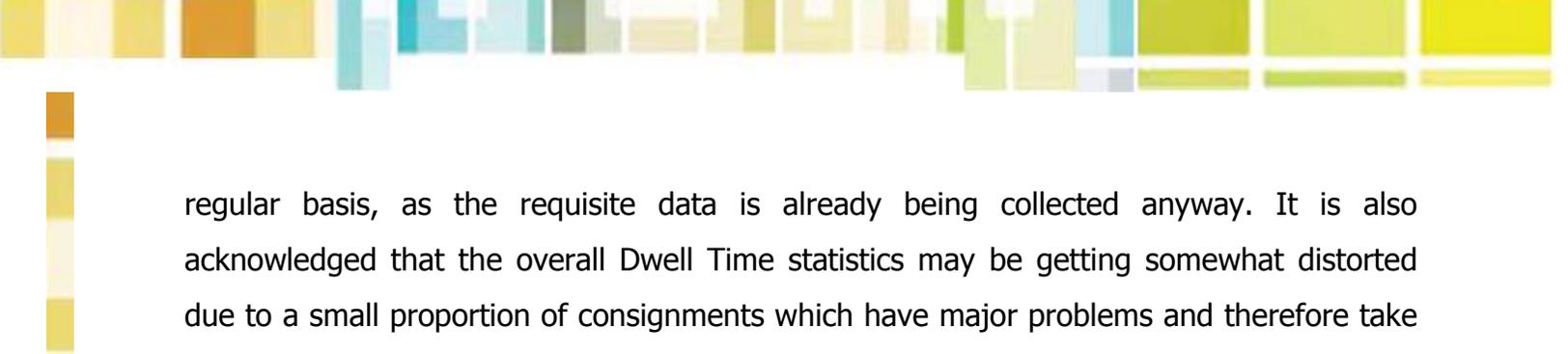
The average time taken at each stage of clearance from the time of arrival of export cargo at the port to stuffing at the CFS is about **6 days**.

Procedure	Responsible Agencies / Stakeholders	Time taken
1. Filing and registration of Shipping Bills	Exporters / CHA	-
2. Assessment	Customs	1 day
3. Examination		
a. At factory	Central Excise	2 days
b. At CFS	Customs	1 day
c. Average time taken		1.5 days
4. Stuffing and Transportation	CFS Operator Shipping Line	1 day
Total		3.5 days

Source: Study Group's Survey of stakeholders

Conclusion

Considering that Dwell Time is an important indicator of the extent to which trade facilitation measures are beneficial for the trade, the Customs Department may consider making it mandatory for each port of entry / exit to publish the Dwell Time data on a



regular basis, as the requisite data is already being collected anyway. It is also acknowledged that the overall Dwell Time statistics may be getting somewhat distorted due to a small proportion of consignments which have major problems and therefore take a long time for clearance. Such anomalies can be adjusted by taking the data for say 90% of the consignments which would be more representative of the actual position. Also it will be useful to prepare some Case Studies on consignments which got cleared the fastest and use them for sensitizing other importers / CHAs on how to prepare the documentation and ensure compliance with the regulatory requirements to achieve faster clearance of their consignments.

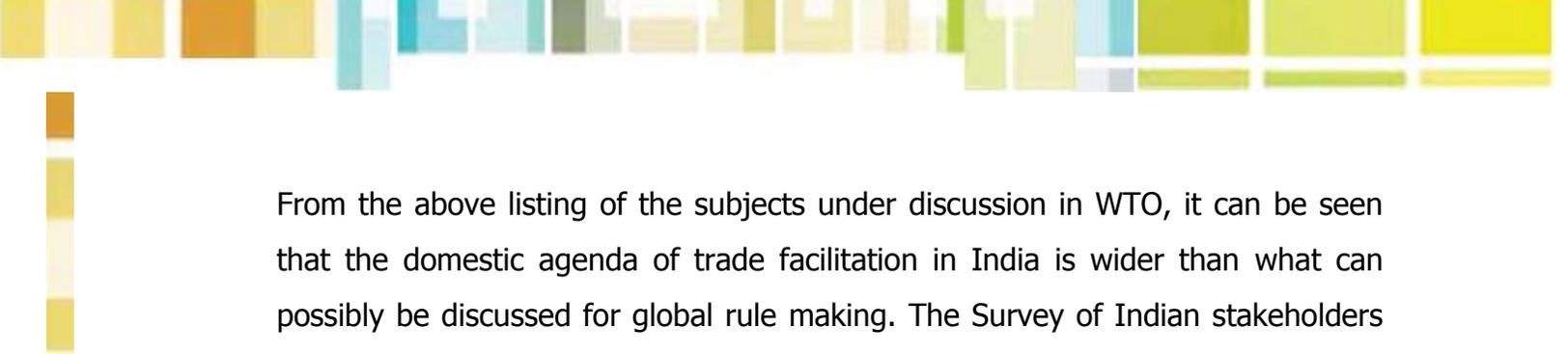
6. Trade Facilitation Negotiations in WTO

Trade Facilitation negotiations commenced in WTO after the conclusion of the modalities of negotiation on Trade Facilitation in Annex D of the Framework Agreement arrived at in Geneva on 1st August 2004. The three objectives of negotiations on trade facilitation under Annex 'D' modalities are:

- a. To clarify and improve aspects of Articles V, VIII and X of GATT 1994 with a view to further expediting the movement, release and clearance of goods including in transit;
- b. Enhance technical assistance and support for capacity building in trade facilitation;
- c. Aim at provision for effective cooperation on trade facilitation and custom compliance issues.

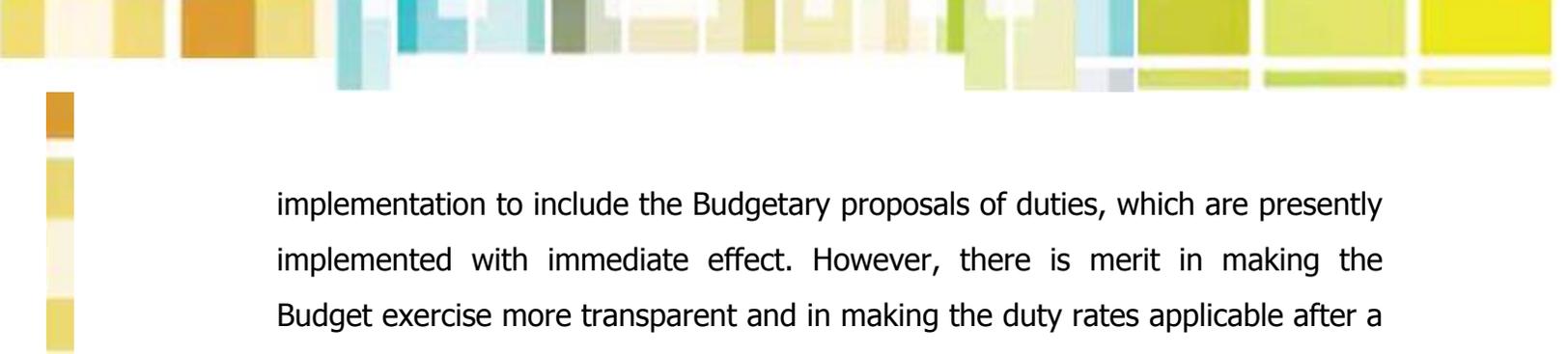
A specialised negotiating body called Negotiating Group on Trade Facilitation (NGTF) is carrying out negotiation in WTO on this subject. In the initial stages of the negotiation, detailed proposals were put on the table on which considerable technical level discussions took place. By the time of the 6th WTO Ministerial Conference in Hong Kong in December, 2005 a great deal of progress had been achieved on trade facilitation negotiation. The Hong Kong Ministerial Declaration took note that 60 written proposals had been sponsored by more than 100 delegations and that good progress had been made in all areas covered by the mandate. It also gave a listing of the proposed commitments under trade facilitation. This more or less provided a blue print for subsequent negotiations though a few more proposals were made post 2005 as well. The subsequent work has involved refinement of the proposals on the table by the countries culminating into proposals in the form of draft legal texts. This is popularly called the 'bottom up' approach.

Presently negotiators are discussing the compilation of these draft legal texts in order to reach a consensus on the final shape of the agreement. The latest consolidated document containing the draft legal texts is TN/TF/W/165/Rev.8 dated 21 April 2011. The areas of negotiation deal with issues like (i) Publication and Availability of Information through publication, Internet and Enquiry Points; (ii) Prior Publication and consultation before enacting laws by providing for interval between Publication and Entry into Force of laws and regulations; (iii) Instituting a System of Advance Ruling; (iv) Instituting Appeal Procedures for Administrative Decisions taken by Customs authorities; (vi) Instituting Other Measures to enhance impartiality, non-discrimination and transparency like disciplines in respect of 'import alerts', Detention of goods, and Test Procedures; (vii) Disciplines on Fees and Charges imposed in connection with importation and exportation; (viii) Faster Release and clearance of cargo through pre-arrival processing, separation of release from final determination and payment of customs duties, introduction of Risk Management and Post Clearance Audit, Establishment and Publication of Average release times, introducing a system of Authorized Operators, and disciplines on Expedited Shipments; (viii) Prohibition of Consular Transaction Requirement; (ix) Border Agency Cooperation; (x) Declaration of Transshipped or in Transit Goods; (xi) Disciplines on Formalities Connected with Importation and Exportation such as through review of Formalities and Documentation Requirements, reduction of Formalities and Documentation Requirements, use of International Standards, instituting Single Window for clearance of goods, Elimination of Pre-shipment and Post-shipment Inspections, no mandatory use of customs brokers, common border procedures for Customs Unions, Uniform Forms and Documentation Requirements for clearance of Goods, Temporary Admission of Goods/Inward and Outward Processing (xi) Freedom of Transit and (xii) Customs Cooperation. Discussions are also going on as to what kind of Special and Differential Treatment will be accorded to developing and least developed countries while implementing these commitments.



From the above listing of the subjects under discussion in WTO, it can be seen that the domestic agenda of trade facilitation in India is wider than what can possibly be discussed for global rule making. The Survey of Indian stakeholders reveals that considerable attention is required for micro level facilitation needs as also introduction of certain changes which may not be globally possible at this stage. However, the disciplines being discussed for rule making on trade facilitation in WTO will give a boost to the domestic agenda of trade facilitation. It is important to note that rule making in the domestic setting and taking global commitment in WTO on trade facilitation are to be viewed distinctly. In WTO, obligations have to be taken with caution because these commitments will eventually be subject to Dispute Settlement Mechanism of WTO and, therefore, non-compliance can lead to costly international litigation. In this context, what is advocated in the national context is not necessarily desirable to be also adopted as international discipline in WTO. A case in point is the proposal to adopt a single window system for clearance of goods - this can be quite intensive and technologically challenging for big countries like India. Therefore, while this needs to be pursued with full vigour as part of the domestic agenda, but needs to be assessed cautiously for taking a commitment in WTO. Similarly proposals like having very liberal systems of Express Shipments which essentially aims to fully liberalise imports through courier route may have adverse implications on the systems of control presently in force for clearance through this route.

On the other hand several proposals like publication of rules and regulations on the internet, having a system of prior consultation before enacting rules and regulations relating to trade, improving the speed of clearance of goods through systems like risk management, post clearance audit, accredited client programme, coordination between various border agencies, institution of appeal mechanisms are good proposals which will enhance global trade facilitation environment. India is largely compliant with these proposed commitments, though there may be some elements of detail, where there can be divergence of opinion. One such area is prior publication of laws and regulations before their



implementation to include the Budgetary proposals of duties, which are presently implemented with immediate effect. However, there is merit in making the Budget exercise more transparent and in making the duty rates applicable after a certain interval of time after its announcement as is done for the Direct Taxes. Similarly there is merit in the proposal to make Advance Ruling available to all concerned which presently is not the case in India.

As India has reached impressive domestic milestones in implementing several of the proposals currently under discussion in WTO, it can negotiate from a position of strength and can also subsequently be part of technical assistance and capacity building programmes to help least developed and poorer developing countries to develop their customs related IT infrastructure like instituting risk management systems, creating electronic platforms for publication of laws and regulations and share its experience on many other proposed disciplines.

India has also rightly put emphasis on fostering better customs cooperation through exchange of information in cases where there is suspected mis-declaration in terms of classification, valuation, origin, description or other relevant details of a consignment. The need for such transparent systems of cooperation is felt more and more as the volumes of trade the world over increase. It is very important that a robust outcome is achieved on this pillar of negotiation as well. This will enhance international transparency and improve the level of compliance in cases of suspected misdeclaration of goods in terms of its value, classification, country of origin, description, etc.

7. Recommendations

Based on the observations and statistics presented in the preceding sections of this Study and the inputs received from interaction with various stakeholders, the following recommendations and suggestions are made in the domestic context which may help in expediting the cargo clearance and reducing the transaction time and cost of clearance of import/export and transit cargo, both at the sea ports and at the airports.

7.1 Import General Manifests

- a. Errors in the Manifests: There is an urgent need to look at ways to eliminate / minimize the errors by insisting on the Shipping Agents taking adequate precautions. There is justification for providing for imposition of penalties on Shipping Agents as a deterrent against such widespread errors. It is noted that Section 30 of the Indian Customs Act provides for penalty for non-delivery of manifest to customs within a prescribed time but there is no provision for penalty in case of errors. Such a provision can be incorporated and should be used particularly against repeated offenders.
- b. Customs Department may explore the possibility of permitting minor amendments to IGM online by the importer himself.
- c. There is a need to improve connectivity in ICEGATE by technological up gradation in order to expedite the process of filing of Manifests.
- d. Organize training for Shipping Agents on customs procedures including regarding correct filing of Manifests.

7.2 Filing Bills of Entry

- a. Provide certain incentives for filing Advance Bills of Entry such as priority in assessment, permit adjustment of duty paid in advance for a consignment that has not arrived for another subsequent consignment.

- b. Provide automatic refund/adjustment of excess duty paid if only part of the consignment is landed by one vessel and the balance goods come by another vessel.
- c. CHAs/Importers must file Bills of Entry at least on landing of the goods – some disincentives may be introduced to discourage late filing of Bills of Entry. Disincentives can be in terms of reduction in the number of free days for demurrage charges for consignments where Bills of Entry have been filed late or even an outright penalty if Bill of Entry not filed within 24 hours of landing of the goods. Other types of disincentives may include denial of facilities like clearance through RMS and reduction in the period for which payment of duty after assessment is permitted without interest.
- d. Improve the IT infrastructure so that software problems do not occur frequently, thus facilitating filing advance Bills of Entry. Corrections in Manifest should automatically be reflected in the Bills of Entry already filed.
- e. Ensure better connectivity of customs stations and the users with ICEGATE so that Bills of Entry are registered immediately on filing.
- f. Dispense with the need for filing of multiple declarations by incorporating a legal presumption making the importer responsible for the value and other data furnished in the Bill of Entry.
- g. Move towards a software system by which Bill of Entry can be generated from the Manifest, at least for identified importers having good track record.
- h. All processes connected to assessment of Bills of Entry and payment of duty be made online so that the system of taking print outs at any stage, is dispensed with.
- i. Expand the RMS norms, to reduce the proportion of consignments requiring Examination.
- j. Expand the coverage of importers under Accredited Client Programme (ACP)
- k. Reduce the number of exemption notifications by integrating the applied rates into the Tariff.
- l. Reduce the number of rates/slabs of customs duty.

- m. Integrate different types of duties/cesses into a single rate of duty and amounts regarding cess, etc. be allocated from this consolidated collection of duties.
- n. Make self assessment entirely importer-driven; enhance the period of demand and penalties for contraventions.

7.3 Delivery Orders

- a. Shipping Agents to streamline the process of issuing the Delivery Order (DO), and preferably it should be made available to the importer / CHA electronically.
- b. Reduce/Dispense with the fee for issuing DO by integrating it with the freight charges.
- c. Shipping Agents should issue Delivery Orders all seven days of the week instead of the present system of working for only five days a week.

7.4 Shifting of Cargo to CFS

- a. Improve the infrastructure in the Ports and CFSs like equipments, transport and labour to ensure that there is no loss of time for loading/unloading, transportation etc.
- b. Congestion at the exit gate and the port roads need to be reduced by improving the infrastructure and the manpower.
- c. Importers should have the option to select the transporter to be employed and the CFS to be used for movement of their cargo from the port. A regulation should be enacted under which at the point of loading of cargo at the load port, the importer should specify the CFS at the port of import where he wants the goods to be delivered and the same should then be reflected in the IGM filed at the entry port. In the interregnum, the provisions of Cargo Handling Regulation 2009 which empowers the Commissioner of Customs to regulate the flow of goods to various CFSs should be applied effectively to prevent monopoly situation in respect of movement of cargo to only one or two CFSs.

- d. The charges of the Shipping Agent for shifting the cargo need to be rationalized, and information regarding the same should be readily accessible to the importers/CHAs in a transparent manner.
- e. A Regulatory mechanism be set up to regulate and monitor the activities of Shipping Agents including for fixation of their charges. The proposed Shipping Trade Practices Bill 2008 provides for important regulatory mechanisms like registration of maritime service providers, publication and prominent display of tariff for services provided and mechanisms for complaint and grievance redressal by the aggrieved persons. These are steps in the right direction and the Bill needs to be enacted into law at the earliest. In the interregnum, there is a case to empower an agency like customs to enforce these provisions.

7.5 CFS Procedure

- a. Synchronize transportation of containers from port to CFS, and the processing of Bills of Entry so that the idle time of containers at the CFS is minimized

7.6 Assessment

- a. The Central Board of Excise and Customs has recently taken a major step towards trade facilitation by permitting self-assessment of duty on imported goods (as also export goods, where relevant) by importer (or exporter) himself. This needs to be consolidated so that importers can get delivery of goods on the basis of this self-assessment, where they are not flagged for examination by the Risk Management System.
- b. Improve general awareness about the documentary requirements of Customs among the Agents and the Importers through suitable training programmes, in order to improve the quality of information furnished by importers to the Customs and minimize the queries on Bills of Entry.
- c. The structure and conditions in exemption notifications should be standardized so that they can be computerized easily.

- d. Bills of Entry with valuation issues, related party transactions, second-hand goods etc, should be dealt with by specially earmarked officers, and provisional clearance of such goods should be allowed liberally.
- e. Importers should be given access to the valuation data in National Import Data Base (NIDB) in a limited manner, i.e. just give the trend of values without indicating the value, name and source of import for individual consignments. This may enable them to declare the value comparable to the previously accepted values and avoid queries regarding the declared value.
- f. Customs Department should make an effort to prepare a list of queries frequently raised in the course of assessment of imported goods and disseminate them either through a public notice at the level of various Custom Houses or by putting them on the CBEC website. This will help the members of trade to take preventive action to avoid such queries/ be better prepared in advance to answer such queries.
- g. An updated database of the decisions of Higher judiciary/ Tribunals should be made available online to the Officers, so that contentious issues are decided in accordance with judicial precedents at hand.
- h. Import Authorizations of various types should be made available online with secure access so that the present requirement of formal registration of duty free scrips in a Customs House issuance of a paper based Telegraphic Release Advice (TRA) etc. is done away with. Instead online transfer of the Authorization be done by the Custom House upon request.
- i. The process of making Provisional Duty (PD) Assessments should be simplified by providing for a system of a running bond, and by adopting a liberal approach towards dispensing with the requirement of furnishing Bank Guarantees in deserving cases. In the case of importers/exporters with good track record, no bond or Bank Guarantee should be required.
- j. It is desirable to have a more proactive administrative mechanism to ensure a better quality of assessment by the officers tasked in this regard. Senior officers should review assessments at random to ensure that established practices,

- judicial decisions, tariff advices are followed and that only essential documents have been called for and needless queries have been avoided.
- k. Officers at all levels should be encouraged to attend refresher courses in classification, valuation and international best practices in assessment, risk management, etc. to keep them abreast of the latest developments.
 - l. Adjudications should be minimized by incorporating compounding provisions for minor offences.
 - m. For Special Valuation Branch (SVB) cases, the procedural requirements for provisional release of goods should be reduced. SVB Examination should be completed within one month of initiation. Importers with good track record should be exempted from extra duty deposit.
 - n. An enabling environment should be created so that Departmental Adjudicating officers are encouraged to move away from a predominantly pro-revenue mindset to a more objective approach so that needless appeals are not generated. The quality of adjudications and the number of orders upheld at the first stage of appeal should form part of performance appraisal of the officers. The system of Departmental Review of the adjudication orders should also examine the orders passed in favour of revenue by ignoring established judicial precedents and officers found to be doing so on regular basis be given training to improve their quality of adjudication.
 - o. Appeal mechanism should be faster and more independent. The first level departmental appeal should help in reducing the workload of the Tribunal by passing orders fairly and shake off an image of pro-revenue bias. The Tribunal, though independent, is overloaded and takes considerable amount of time to decide on appeals. More benches may be created to expedite the same.
 - p. Customs Department should also evolve mechanisms by which it can reduce the number of appeals filed in the High Court and the Supreme Court so that the trade is not put to prolonged uncertainty over the benefits eligible to them and do not have make provisions for future contingencies..

- q. Make the facility of advance ruling more broad based so that every importer, so desiring, can get a binding ruling in advance about the tax treatment of his import consignment in order to avoid litigation and delay in clearance after arrival of goods at the port. This facility can also be extended to exporters on issues like admissible amount of duty drawback.

7.7 Payment of Duty

- a. There exists a system of advance deposit of duty by importers but it is not very popular presently. This should be encouraged by offering interest on the deposits made by the importer.
- b. As payment of duty constitutes a large part of the dwell time, there is a need to introduce systems which will address the problem of late payment of duty. For this certain disincentives need to be built for late payment of duty say after 24 hours of completion of assessment. This may include withdrawal of facilities like ACP Status, facilitation through RMS, charging of penal rate of interest, etc.

7.8 Examination and out of charge

- a. Compliance with quality requirement: bi-lateral understanding with supplier countries to accept test reports or other conformity assessment reports of accredited laboratories of country of export to avoid duplication of testing in the country of import.
- b. In order to make the process of assessment faster and more efficient, reference to the Assessing Groups by the Examining Officers should be discouraged. There should be regular review of queries raised at higher levels to ascertain that queries were not frivolous and also to suggest systemic improvements to address commonly repeated queries.
- c. There is a need to establish a Regulatory mechanism for CFSs, preferably by Customs, to ensure proper quality of service and facilities. Customs should be empowered to penalize CFSs for poor quality of services. Commissioners of



Customs should also effectively enforce the Cargo Handling Regulation 2009 which provides that they can regulate the flow of goods in a CFS. It will also be useful to institute a system of regular audit of available infrastructure. This will help in timely infrastructure upgradation in line with the increase in cargo traffic.

- d. As some CFSs are highly understaffed, there is a need to deploy more Customs officers in CFSs after undertaking proper study of the workload. The workload evaluation of each CFS should be an annual exercise so that the staff strength in the CFS keeps pace with the workload.
- e. CFS operators should maintain updated, user-friendly websites by including all information about the procedures, documentary requirement and rates of charges.

7.9 Handing Over the Goods

- a. A number of superfluous documents required by the CFS at the time of handing of goods like Bill of Entry, Bill of Lading copy, High Sea contract copy, IEC copy, Stamp duty paid receipt need to be dispensed with.

7.10 Other Departments

- a. DGFT should dispense with the requirement of paper based Import Authorizations after the commencement of online transmission of authorizations to the customs and to the importers.
- b. All import authorizations should be transmitted to the Custom Systems – which can be accessed by the Customs and the concerned importer/exporter.
- c. Based on the exports, the Customs System can work out the entitlements and transfer/sale of such authorizations can be done on the System itself.
- d. Alternately DGFT may consider formulating the norms for import authorizations and actual operation to be carried out by Customs.
- e. Reduce the number of Duty Neutralization Schemes.

- f. DGFT should regularly carry out studies regarding the efficacy of such schemes which are not in the nature of duty neutralization but are for outright export promotion especially the incremental exports achieved as a result of the Schemes.

7.11 ADC/Live Stock/Meat Product/Agricultural Commodities

- a. There is a need to have more Laboratories to reduce the time taken for tests.
- b. The test laboratories should have online connectivity with Custom Houses to enable a structured online exchange of query memo and test results.
- c. More Private/Public Laboratories should be given approval for conducting tests on imported goods.
- d. Previous test results for identical consignments should be accepted and existing instructions in this regard should be vigorously implemented.

7.12 Transit Goods

- a. The documents required should be reduced and clearance should be brought under EDI.
- b. Bond and Bank Guarantee should be dispensed with in the case of regular importers/transporters with good track record.
- c. The IT infrastructure should be strengthened to permit on-line processing of documents and tracking the cargo movement.

7.13 Exports

- a. Remote filing of export clearance documents should be incentivised and facilitated.
- b. Risk Management System-based clearance procedure be extended to export clearances also and should include examination of cargo.

- c. The scheme of Accredited Client Programme (ACP) should be extended to exports.
- d. Where no duty/incentive is involved, exporters should be allowed to despatch cargo under intimation to the Customs, by means of Shipping Bill.
- e. The percentage of export examination should be reduced.
- f. Factory examination should be encouraged by giving priority to examination of export cargo by the local excise officers.
- g. Overtime fee and any other types of fees for export examination should be dispensed with.
- h. Prior permission from Customs for factory examination should be dispensed with.
- i. Infrastructural issues which delay export clearance from factories need to be addressed through a multi agency body consisting of Ministries of Finance, Commerce, Surface Transport, Export Promotion Agencies, etc.
- j. Improve the infrastructure in the Ports and CFSs like equipments, transport and labour to ensure that there is no loss of time for loading/unloading, transportation etc.
- k. Overtime fees should be dispensed with at the CFS.
- l. Collection of statistics, especially export statistics, should be streamlined and quality of data improved by encouraging the exporters to file accurate and detailed descriptions and other details

7.14 Export Incentives

- a. Encourage greater use of Brand Rate of Drawback by permitting self-assessment of the eligible amount of drawback and to take credit of this eligible amount by the manufacturer for payment of duty. This can be verified subsequently by post audit. For specified categories of exporters like manufacturer exporters under excise control, this facility can be allowed quite easily and a high percentage of eligible duty element (say upto 80%) can be allowed to be taken as credit on self-assessment basis.

- b. In order to curb wrong claims of export incentives by fictitious companies, Importer Exporter Code may be issued by DGFT after verification or a post verification system be established. An efficient method of doing this can be to outsource such verification activity as has been by the Income Tax Department for the issue of PAN Cards.

7.15 Other suggestions

- a. The relevant government agencies dealing with import and export clearances should have effective grievance redressal mechanisms. There should be prescribed norms of meetings with the representatives of the trade and these should be adhered to scrupulously. All such meetings should be minuted and be put on the websites of the concerned departments, so that there is greater transparency and efficacy in resolving trade facilitation related problems of the concerned stakeholders. Decisions taken in such meetings should be implemented without another round of 'examination' by the concerned section of the Customs House/Board.
- b. Gradually a single window system should be developed to enable one time electronic submission of document with customs which can in turn transmit documents to other relevant agencies whose clearances are required for release of the consignment, obtain such clearances and convey the same to the importer/exporter.
- c. To facilitate online connectivity between Custom Houses and SEZ, the message format for exchange of information through EDI should be common for them. As the Customs EDI has been working for a considerable period of time and the trade has set up its IT systems in tune with customs EDI, it is desirable that SEZs develop their EDI in line with Customs EDI.
- d. Use the IT tools to bring greater transparency in the working of the various Departments. For instance, for the Customs, the dwell time for release of import and export consignments should be published on a monthly basis; the pending



items of work of interest to trade like refund claims, adjudication, etc. be put on line by the Custom Houses. It is also noted that the overall Dwell Time statistics may be getting somewhat distorted due to a small proportion of consignments getting delayed for very long due to some major problem and such anomalies can be adjusted by taking the data for say 90% of the consignments which would be more representative of the actual position. It will be useful to prepare some Case Studies on consignments which got cleared the fastest and use them for sensitizing other importers / CHAs on how to prepare the documentation and ensure compliance with the regulatory requirements to achieve faster clearance of their consignments.

- e. Similarly, for test laboratories and quarantine and health authorities, the time taken for completing tests of samples and the status of pending samples be put up on the website. DGFT can put on its website, the details regarding different types of licenses applied for, the status of processing the licenses and the status of applications for fixation of SION Norms.
- f. State municipal authorities should streamline and simplify formalities relating to charging of Octroi and filing of N-form, in the States where these are levied. Some of these functions can be delegated to Container Freight Stations and goods could move with suitable receipts for such payments. This will considerably reduce the inland transport time.
- g. To avoid delays in temporary movement of containers because of the formalities connected with execution of a bond, customs department can consider exempting duty on containers.
- h. Banks should design simpler methods of payments; all banks, private or public sector should be allowed to receive payments.
- i. Hold regular training sessions for all stakeholders on import and export clearance procedures, international conventions and disciplines dealing with trade; international best practices, INCO terms, etc.





ANNEX 1 - QUESTIONNAIRES

Annex 1 – A	Questionnaire for Customs Authorities
Annex 1 – B	Questionnaire for Importers
Annex 1 – C	Questionnaire for Exporters
Annex 1 – D	Questionnaire for Custom House Agents (CHAs)
Annex 1 – E	Questionnaire for AIR PORT OPERATORS
Annex 1 – F	Questionnaire For Sea Port Operators
Annex 1 – G	Questionnaire for CFS / ICD Operators
Annex 1 – H	Questionnaire for Air Cargo Agents
Annex 1 – I	Questionnaire for Shipping Agents
Annex 1 – J	Questionnaires for Other Government Departments
Annex 1 – K	Questionnaire for Industry / Export Promotion bodies

Questionnaire for Customs Authorities

Manifests

- 1) When are the manifests filed
 - i) Before the arrival of the aircraft / vessel
 - ii) On arrival of the aircraft / vessel

- 2) If filed after the arrival of the aircraft/vessel, what is the time taken
 - i) One hour
 - ii) More than one hour but less than 3 hours
 - iii) More than 3 hours

- 3) Percentage of manifests filed in advance during 2008-09, month-wise.

- 4) What are the reasons for not filing manifests in advance?

- 5) Are all manifests filed electronically?

- 6) If not, what was the average percentage filed electronically for last one year-month wise.

- 7) If electronic filing is not possible, can manifests be filed in CDs or Hard Disks etc?

- 8) In case of connectivity/computer breakdown, can manifests be filed manually?

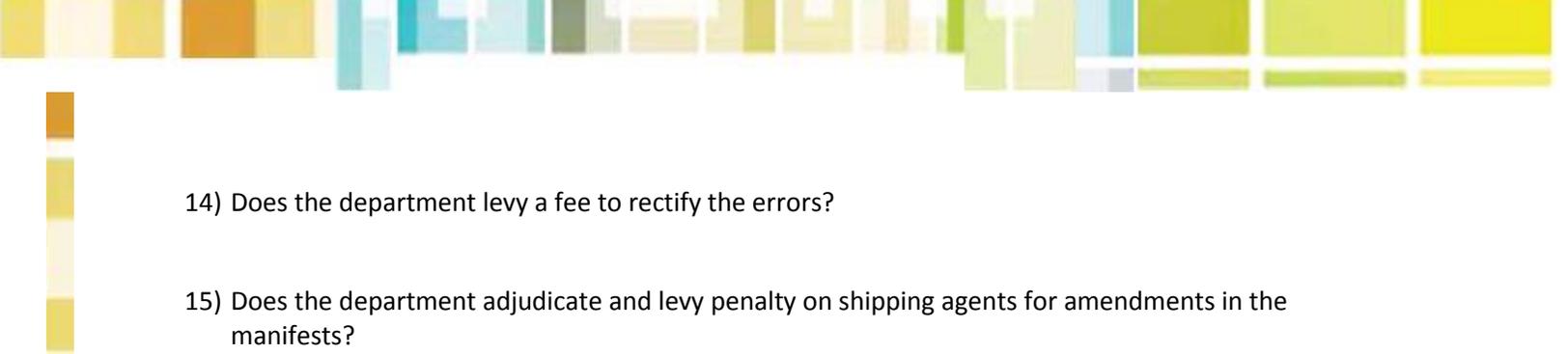
- 9) In last one year, on how many occasions did the computer break down – month wise.

- 10) In last one year, the number of times the connectivity broke down – month wise

- 11) What was the average duration of such breakdown during the last one year - month wise?

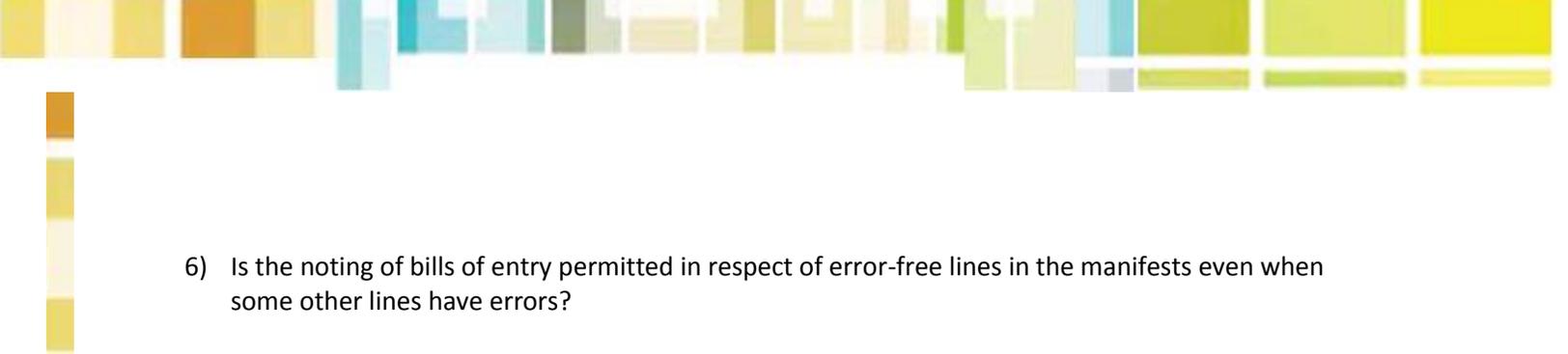
- 12) What is the average percentage of Manifests which have errors?

- 13) What is the average time taken to rectify them?

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- 14) Does the department levy a fee to rectify the errors?
 - 15) Does the department adjudicate and levy penalty on shipping agents for amendments in the manifests?
 - 16) Is there any fee levied either by customs or by their agents for filing manifests?
 - 17) Is the registration of Manifest done only after all errors are rectified?
 - 18) Are there occasions when manifests are not registered for any reasons and if so the number in last one year and its percentage of the total no. of manifests?
 - 19) Are any proceedings initiated against the Shipping Agents with regard to the filing of Manifests? If so, what are the number and their percentage?
 - 20) Do the NVOCCs file separate sub-manifests for their respective cargo?
 - 21) What is the average time taken by NVOCCs to file their manifests?
 - 22) Does it delay the noting of bills of entry?
 - 23) What are the modernisation plans for clearance of goods in the next 3 years?

Bills of Entry

- 1) Are Importers/CHAs able to do remote filing of bills of entry?
- 2) Is noting of bills of entry done electronically?
- 3) Is the facility of Service Centre still available to the importers/CHAs for filing bills of entry?
- 4) What is the number and percentage of bills filed through the Service Centre?
- 5) What is the average time taken for noting of bills of entry?

- 
- 6) Is the noting of bills of entry permitted in respect of error-free lines in the manifests even when some other lines have errors?
 - 7) What is the number of Bills of Entry that were refused noting due to discrepancies between the Manifest and the Bill of Entry? What are the total number and the percentage of such bills with reference to the total number of bills filed by you?
 - 8) What is the number and percentage of bills of entry filed for advance noting in 2007-2008?
 - 9) What is the percentage of bills filed after filing of manifests:
 - i) Within 6 hours of filing of the manifest
 - ii) Between 6 hours and 12 hours
 - iii) After 12 hours but before 24 hours
 - iv) After 24 hours but before 3 days
 - v) After three days
 - 10) Is any fee collected for filing of bills of entry?
 - 11) What is the number and percentage of bills where queries were raised before noting – for one-year month wise?
 - 12) What is the average time taken for rectifying these queries?
 - 13) What is the average time taken for noting the bills of entry-
 - i) One hour after bill is registered
 - ii) More than one hour but less than 6 hours
 - iii) More than 6 hours

Assessment

- 1) What is the percentage of bills going to the Group for assessment – month wise for last one year?
- 2) What is the number and percentage of bills where queries are raised by the AO in the Group?
- 3) What is the number and percentage of queries in each of the following categories:

- 
- a. Documents
 - b. Valuation
 - c. Licensing
 - d. Exemptions
 - e. CV duty
 - f. Antidumping/countervailing/safeguard duty,
 - g. BIS, Clearance from other Ministries.
 - h. Any other
- 4) What is the average time taken for answering the queries -
- a. Less than 6 hours
 - b. More than 6 hours but less than 12 hours
 - c. More than 12 hours but less than 24 hours
 - d. More than 24 hours but less than 3 days
 - e. More than 3 days
- 5) Which category of queries takes the maximum time for answering?
- 6) What is the difficulty in answering the queries promptly?
- 7) What is the average time taken for assessment of goods, which are governed by certain specific laws like food articles, packaged goods, goods under BIS?
- 8) What is the number and percentage of goods detained for contraventions and subjected to adjudication?
- 9) What is the number and percentage of bills detained for alerts from other agencies?
- 10) What is the number and percentage of bills subjected to provisional assessment and what is the time taken for completing the formalities
- a. Less than a day
 - b. Between one day and one week
 - c. More than a week
- 11) What is the number and percentage of bills referred to SVB for examination of the valuation?
- 12) Are there any other factors which delay the assessment?
- 13) What steps can be taken to reduce the time for assessment?

Assessment in the Shed and examination

- 1) What is the time taken for examination of the cargo in the shed
 - a. Less than 3 hours
 - b. More than 3 hours but less than 6 hours
 - c. More than 6 hours but less than 24 hours
 - d. More than 24 hours.

- 2) What is the number and percentage of bills examined within each of the time specified above during the 2008-09?

- 3) In respect of bills assessed by the System, what is the time taken to verify the documents and check any data:
 - a. Less than 10 minutes
 - b. More than 10 minutes but less than 30 minutes
 - c. More than 30 minutes

- 4) What is the average additional time taken to check the compliance with special / specific provisions like agricultural commodities, food articles, BIS goods, pharmaceutical goods, packaged goods etc.?
 - a. Less than one hour
 - b. More than one hour but less than two hours
 - c. More than two hours

- 5) What is the total number of bills of entry for such goods in 2008-09?

- 6) What is the time taken to check the compliance with the conditions relating to exemptions under various customs notifications:
 - a. Less than one hour
 - b. More than one hour but less than two hours
 - c. More than two hours

- 7) What is the total number of bills where exemption notifications are applied? What is their percentage compared to the total number of bills filed in 2008-09?

- 8) What is the number of bills of entry attracting antidumping duty, safeguard duty, or countervailing duty under the Customs Tariff Act? What is the percentage of such bills compared to the total bills filed?

- 
- 
- 9) What is the time taken to verify the above duties?
 - a. Less than One hour
 - b. More than one hour but less than two hours
 - c. More than two hours

 - 10) Is there any other element checked at the shed before the goods are given out of charge? If so what is the time taken for such verification?

Payment of Duty

- 1) After assessment, what is the time taken for payment of duty
 - a. Less than two hours
 - b. More than two hours but less than four hours
 - c. More than four hours but less than eight hours
 - d. More than eight hours but less than 24 hours
 - e. More than 24 hours

- 2) What is the number of the bills of entry under each of the above categories and the percentage of each category compared to the total bills filed in 2008-09?

- 3) What are the reasons for the delay in payment
 - a. Lack of funds with the clearing agent
 - b. Delay in providing funds by the importer
 - c. Delay in the bank
 - d. Delay due to breakdown of the EDI System
 - e. Any other reason

- 4) After payment of duty and after the procedures in the shed, what is the time taken for out-of-charge order:
 - a. Less than one hour
 - b. More than one hour but less than 3 hours
 - c. More than 3 hours

For Transit Cargo

- 1) When do the shipping agents file the transshipment application
 - i) Before their arrival
 - ii) After their arrival and unloading

- 
- 
- 2 Are transshipment applications processed on the EDI?
 - 3 What is the time taken for permitting the transshipment
 - i) Less than 3 hours
 - ii) More than 3 hours but less than 6 hours
 - iii) More than 6 hours
 - 4 Is the loading of these containers done under customs supervision?
 - 5 If so, does the dept. collect Merchant Overtime fees from the Shipping Agents?
 - 6 What is the average time taken for actual loading after the permission is granted?
 - i) Less than 3hours
 - ii) More than 3 hours but less than 6 hours
 - iii) More than 6 hours
 - 7 What are the reasons for the delay
 - i) Absence of Customs officer for supervision
 - ii) Shortage of equipments
 - iii) Delay in the sailing schedule of the ship
 - iv) Any other (specify)
 - 8 When the transit is by land route, what are the documents required for permitting the transshipment
 - 9 For overland transshipment, does the dept. take a bond?
 - 10 What is the value and what is the security taken for the transshipment?
 - 11 Does the Dept permit running bond for such transshipment?
 - 12 What is the average time taken for executing the bond and for furnishing the security after the transshipment is approved by the Dy/Asst Commissioner.
 - i) Less than one day
 - ii) More than one day but less than 3 days
 - iii) More than 3 days
 - 13 Are the goods meant for overland transshipment shifted to the CFS before they are transhipped?

- 
- 
- 14 After the procedures are completed, within how many days are the containers loaded on the truck?
 - i) Within one day
 - ii) More than one day but less than 3 days
 - iii) More than 3 days

 - 15 What is the average time taken at the border?
 - i) One day
 - ii) More than one day but less than 3 days
 - iii) More than 3 days

 - 16 What is the time taken from the border to receive information regarding the actual receipt of the containers at the destination?
 - i) Less than one week
 - ii) More than one week but less than two weeks
 - iii) More than two weeks

 - 17 After receipt of the information as above, what is the time taken for release of the security/bond?
 - i) Less than 2 days
 - ii) More than 2 days but less than a week
 - iii) More than a week

General

- 1) What are the modernisation plans of Customs in the next 3 years?

- 2) Are there any procedures specific to the air cargo, which delays the clearance?

- 3) Are there any steps that can be taken for expediting the clearance of air cargo?

Customs Authorities at the Land Borders (Petrapole and Raxaul)

1. How do you rate the existing infrastructure and facilities at the Border transit point?

	Rating	1 (Poor)	2 (Fair)	3 (Good)	4 (Very Good)	5 (Excellent)
i.	Roads					
ii.	Warehousing facilities					
iii.	Scanning facilities for containers / trucks					
iv.	Handling equipment					
v.	Manpower					
vi.	Any other (please specify)					

2. What additional facilities and infrastructure are planned to be provided?

- a. Container / truck scanners
- b. Handling equipment
- c. Integrated check posts
- d. Widening of roads
- e. Warehousing facilities
- f. Additional manpower
- g. Any other

3. Is there a comprehensive Motor Vehicle Agreement to allow trucks/vehicles carrying perishable goods up to the warehouse in the other country?

If not, is there a proposal for such an agreement to be finalized? By when?

4. Are the following facilities available at the border exit point?

- a. Animal and Plant quarantine
- b. Inspection
- c. Fumigation facilities
- d. Testing facilities for drugs, food articles, leather etc.

5. Are the Standards harmonized and mutually recognized between the two countries?

- 
- 
6. Are the working hours and holidays harmonized on both sides?
 7. What are current provisions for verification of origin of goods under various bilateral trade agreement, if any?
 8. If not, what are the plans to improve the verification system?

Questionnaire for Importers

- 1) Products imported: (to list the products)

- 2) Principal countries from which importing – please list
 - Direct or Trans-shipment through intermediate country(ies)? (Specify)

- 3) When do you get the intimation of the arrival of the vessel from the Shipping Agent?
 - a. In advance ____ days
 - b. On the day of arrival
 - c. After the arrival

- 4) Do you have a regular Custom House Agent (CHA) whom you have given standing instructions to clear all imports on a regular basis, or do you change your CHA from time to time?

- 5) What is the normal time taken by the CHA in filing the bill of entry with customs after the arrival of the consignment at the Port
 - i) Within 24 hours
 - ii) More than 24 hours but within 48 hours
 - iii) More than 48 hours

- 6) Do you give all the documents in advance to the Agent?

- 7) What are the documents which are not readily available and which usually delay the filing of documents?

- 8) On an average, how many queries from Customs do you get for each bill of entry?

- 9) How many bills were directed to Group Appraisal?

a. Of these how many were assessed without any queries?

10) Do you get all queries in one lot or do you get them in piecemeal?

11) How much time was taken by you for answering the queries during 2008-09?

Queries answered within	Percentage of Bills
i) Less than one hour	-----
ii) More than one hour but less than 6 hours	-----
iii) More than 6 hours but less than one day	-----
iv) More than one day but less than 3 days	-----
v) More than 3 days but less than One week	-----
vi) More than one week	-----

12) What is the average time taken to assess a bill after the query is answered?

13) What is the average time taken for payment of duty after assessment of the bill

- i. Less than one day
- ii. More than one day but less than 3 days
- iii. More than 3 days but less than a week
- iv. More than a week

14) What is the reason for the delay in payment of Duty

- Dispute / disagreement relating to the duty amount
- Shortage of funds
- Any other reason (please specify)

15) Are you satisfied with the present arrangement with the Bank for payment of Duty? Does it result in delay?

16) Are you able to transfer funds from your bank to the nominated bank electronically?

17) If not, what are the reasons for not being able to do so?

18) What are your suggestions to improve the present system of payment?

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- 
- 19) After payment of the duty, how much time does it take for customs examination and out of charge
- i. Within 12 hours
 - ii. More than 12 hours but less than 24 hours
 - iii. More than 24 hours but less than 48 hours
 - iv. More than 48 hours

- 20) What are reasons for the above delay
- i. Shortage of customs officers
 - ii. Shortage of labour in the CFS
 - iii. Shortage of equipments in the CFS
 - iv. Any other reason (specify)

- 21) After the out of charge is given by customs, how much time does it take for the actual release of the container
- i. Less than 3 hours
 - ii. More than 3 hours but less than 6 hours
 - iii. More than 6 hours but less than 12 hours
 - iv. More than 12 hours

- 22) What are the reasons for the above delay
- i. Shortage of labour in the CFS
 - ii. Shortage of transport
 - iii. Shortage of equipments
 - iv. Security procedures
 - v. Any other (specify)

23) What is the number and percentage of your containers which were selected for Scanning?

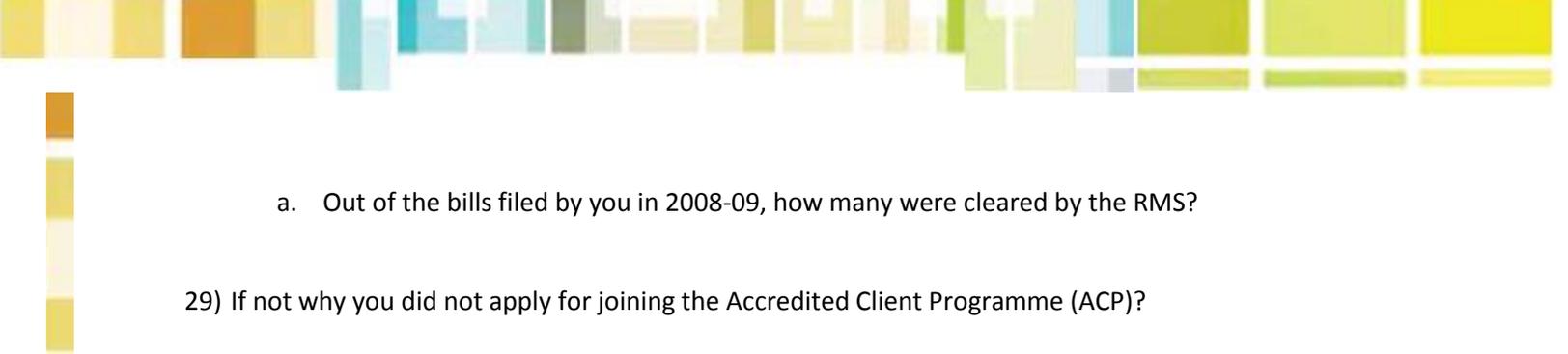
24) How much time is taken for completing the scanning?

25) Are there any other factors, which delay the clearance of imported containers?

26) What are your suggestions to reduce the time taken for clearance of containers?

27) What is the time taken for payment of Municipal taxes like Octroi during the transport of the container?

28) Are you an accredited client under the customs Risk Management System (RMS)?

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- a. Out of the bills filed by you in 2008-09, how many were cleared by the RMS?
- 29) If not why you did not apply for joining the Accredited Client Programme (ACP)?
- 30) Do you think that the ACP can be made more user-friendly? If so what are your suggestions?
- 31) In general do you think that the customs procedures can be further simplified to expedite the import clearance?
- a. What are your suggestions for further simplification?
- 32) Are you satisfied with the present arrangements for dissemination of information on duty rates, changes in rules, notifications and procedures?
- 33) What is the number and percentage of your bill subjected to adjudication proceedings?
- a. What were the main reasons for being subjected to adjudication?
- 34) What is the time taken for adjudication on an average?
- i. Less than a week
 - ii. More than a week but less than two weeks
 - iii. More than two weeks but less than 1 month
 - iv. More than 1 month
- 35) What are the reasons for the delay?
- i. Delay in issue of show cause notice
 - ii. Delay in getting the documents
 - iii. Delay in reply to the SHOW CAUSE NOTICE
 - iv. Delay in granting personal hearing
 - v. Delay in issue of the order
- 36) What is the number and percentage of bills detained for investigation by agencies like SIB, DRI etc.?
- 37) What is the average time taken by these agencies
- i. Less than a month
 - ii. More than one month but less than 3 months
 - iii. More than 3 months
- 

38) Are you aware of Advance Ruling System in India?

- i. If yes, then how frequently do you approach advance ruling authority?

- ii. What are your suggestions to improve the Advance Ruling System?

39) How do you obtain updated information about import requirements (including testing/certification) and procedures for your shipments:

- i. Direct contact with import authorities
- ii. Your Affiliate offices in these countries
- iii. Internet and published sources
- iv. Importers /buyers
- v. Export Promotion Council/Associations
- vi. Shipping agent/forwarder
- vii. Any other

40) How do you get information relating to rates of duty and procedures for import and export?

41) If you approach govt. authorities (customs, DGFT, Ministry of Agriculture, Ministry of Health etc.), how quickly do you get the required information?

Time	Please tick
Within 1-2 days	
Within 3-4 days	
Within 4-5 days	
More than 5 days	

- a. What are your suggestions to improve the system of getting information / clarification from govt. departments?

42) Representation/Appeal/Disputes handling mechanisms: (domestic or international disputes?)

- Is there a well-established formal mechanism in place **(yes/no/don't know)**
- Are you aware of the authorities to represent your issues? **(yes/no/don't know)**
- Is representation time consuming **(indicate actual values)**

43) Please grade your satisfaction level regarding the following on a scale of 1 to 5:

	Grading	1 (Poor)	2 (Fair)	3 (Good)	4 (Very Good)	5 (Excellent)
1)	Availability of information on website of:					
i.	CBEC					
ii.	Ministry of Health					
iii.	Ministry of Agriculture					
iv.	Ministry of Environment					
v.	DGFT					
vi.	Any other Ministry					
<p>Suggestions for improvements in design, content and search facility?</p> <ul style="list-style-type: none"> a. Contents b. Design c. Search facility d. Help line and FAQ 						
2)	Effectiveness of appeal mechanism against administrative decisions in:					
i.	CBEC					
ii.	Ministry of Health					

	Grading	1 (Poor)	2 (Fair)	3 (Good)	4 (Very Good)	5 (Excellent)
iii.	Ministry of Agriculture					
iv.	Ministry of Environment					
v.	DGFT					
vi.	Any other Ministry					
Suggestions for Improvements?						
3)	Smooth functioning of new initiatives of the Customs Dept:					
i.	EDI					
ii.	ICEGATE					
iii.	Risks Management System					
iv.	Accredited Client Programme					
Suggestions for Improvements?						

	Grading	1 (Poor)	2 (Fair)	3 (Good)	4 (Very Good)	5 (Excellent)
4)	Procedures for goods clearance from Port authorities?					
Suggestions for Improvements?						
5)	Procedures for clearance of packaged food products?					
Suggestions for Improvements?						
6)	Procedures for clearance with respect to medicines?					
Suggestions for Improvements?						
7)	Procedures for clearance with respect to environmental requirement?					
Suggestions for Improvements?						
8)	Procedures for clearance of goods from courier?					
Suggestions for Improvements?						
9)	Professional competence of Custom House Agents?					
Suggestions for Improvements?						

	Grading	1 (Poor)	2 (Fair)	3 (Good)	4 (Very Good)	5 (Excellent)
10)	Procedures for clearance at land borders?					
Suggestions for Improvements?						

44) How do you rate the requirements of documentation along with Bill of Entry:

- a. Minimal
- b. Adequate
- c. Excessive

- If rated as “excessive”, what documentation requirements can be done away with?

45) Which government agencies do you approach for clearance of your goods at the office or at the Port? Please tick in the box below, and also indicate the average time taken for obtaining clearance.

	Please Tick the relevant Agencies	Time taken for obtaining clearance	No. of people employed in your company for this purpose
Customs			
DGFT			
Ministry of Agriculture			
Ministry of Health			

Export Inspection Council			
Ministry of Environment			
Ministry of Textiles			
Any other (Please specify)			

(b) Do you feel that there should be a single window for obtaining all clearances at one place?

(c) In your assessment, how much time you can save if you have to interact with a single window agency?

46) (a) Please list out the fees and charges paid by you for clearance of one consignment and their rates?

(b) From where do you obtain information regarding these fees & charges?

(c) Any suggestions regarding simplification / reduction of fees & charges?

Questionnaire for Exporters

- 1) Products exported: (to list the products)

- 2) Principal countries to which exporting – please list

For goods stuffed in the factory/Warehouses

- 3) After the goods are ready for shipment, how much time do the Customs/ Excise officers take to examine them
 - i) Less than one day
 - ii) More than one day but less than two days
 - iii) More than two days

- 4) Do you pay overtime fees for the officers to examine the cargo?

- 5) What is the average amount of overtime fee paid per container?

- 6) Do you have to get the permission for factory stuffing from the Commissioner?

- 7) What is the validity of this permission?

- 8) If so, how much time does it take to get the permission

	First time	Renewal
Within one week of applying		
More than one week but less than two weeks		
More than two weeks		

- 9) Are there any other factors, which delay the stuffing of the export cargo in the containers at the factory?

- 10) Do you/your CHA file the Shipping Bill while the goods are in transit to the Port?

- 11) Do the export containers wait outside the Port for the completion of customs documentation?

- 12) If so, what is the average waiting period for this purpose?

- 13) Do you have to take the containers to a CFS even though they are already examined by customs or can they be waiting in the open?

For cargo stuffed at CFS

- 14) After transporting the cargo into the CFS, what is the time taken by customs to examine the cargo
- i) Less than six hours
 - ii) More than 6 hours but less than 12 hours
 - iii) More than 12 hours
- 15) After examination, are the goods stuffed under customs supervision?
- 16) If so, do you have to wait for the customs officer? If yes, what is the average waiting time?
- i) Less than 2 hours
 - ii) More than two hours but less than 4 hours
 - iii) More than 3 hours
- 17) Do you have to pay Merchant Overtime fee for the presence of the officers for examination and stuffing of the containers?
- 18) What is the average incidence of overtime fee for a container?
- 19) Do the stuffing and loading of containers on the trucks get delayed due lack of labour and equipment at the CFS?
- 20) What is the average delay on account of the above reasons
- i) Less than 30 minutes
 - ii) More than 30 minutes but less than one hour
 - iii) More than one hour
- 21) What is the average delay on account of shortage of trucks?
- 22) Do you have to use only the trucks nominated by the CFS or the Shipping Company?

At the Port

- 23) Are containers permitted entry inside the Port pending the completion of the shipping documents?
- 24) What is the average waiting period at the Port Gate
- iv) Less than one hour
 - v) More than one hour but less than three hours
 - vi) More than three hours
- 25) What are the reasons for the delay at the Gate
- iv) Congestion at the Gate
 - v) Security procedures
 - vi) Documentary deficiencies
 - vii) Any other reason
- 26) What is the average time taken for security clearance at the Gate before entry is permitted
- vii) Less than 30 minutes
 - viii) More than 30 minutes but less than one hour
 - ix) More than one hour but less than two hours
 - x) More than two hours

- 27) Do they capture all the data about the containers in their computer?
- 28) Do the Port Operators also capture all the data separately in their computer?
- 29) What is the time taken by the Port office for this process?
- 30) Are you always able to transport the containers in time for loading or have you had cases of the container missing the ship / aircraft?
- 31) Out of the total number of containers exported in 2008-09, how many containers missed the ship / aircraft due to delay on the way?
- 32) What are the reasons for missing the ship / aircraft in the above cases?
- 33) Please Grade your satisfaction level regarding the following in a scale of 1 to 5:-

	Grading	1 (Poor)	2 (Fair)	3 (Good)	4 (Very Good)	5 (Excellent)
1)	Availability of information on website of:					
i.	CBEC					
ii.	Ministry of Health					
iii.	Ministry of Agriculture					
iv.	Ministry of Environment					
v.	DGFT					
vi.	Any other Ministry					
Suggestions for improvements in design, content and search facility?						
a. Content						

<ul style="list-style-type: none"> b. Design c. Search facility d. Help line and FAQ 						
2)	Effectiveness of appeal mechanism against administrative decisions in:					
i.	CBEC					
ii.	Ministry of Health					
iii.	Ministry of Agriculture					
iv.	Ministry of Environment					
v.	DGFT					
vi.	Any other Ministry					
Suggestions for Improvements?						
3)	Smooth functioning of new initiatives of the Customs Dept:					
i.	EDI					
ii.	ICEGATE					
iii.	Risks Management System					
iv.	Accredited Client Programme					

Suggestions for Improvements?						
4)	Procedures for goods clearance from Port authorities?					
Suggestions for Improvements?						
5)	Procedures for clearance of packaged food products?					
Suggestions for Improvements?						
6)	Procedures for clearance with respect to medicines?					
Suggestions for Improvements?						
7)	Procedures for clearance with respect to environmental requirement?					
Suggestions for Improvements?						
8)	Procedures for clearance of goods from courier?					
Suggestions for Improvements?						
9)	Professional competence of Custom House Agents?					
Suggestions for Improvements?						

10)	Procedures for clearance at land borders?					
Suggestions for Improvements?						

34) How do you rate the requirements of filing documentation along with Bill of Entry:

- a. Minimal
- b. Adequate
- c. excessive

- If rated as 'excessive', what documentation requirements can be done away with?

35) Which government agencies do you approach for clearance of your goods at the office or at the Port?
Tick in the box and indicate the average time taken for obtaining clearance.

		Please Tick the relevant Agencies	Time taken for obtaining clearance	No. of people employed for this purpose
	Customs			
	DGFT			
	Ministry of Agriculture			
	Ministry of Health			
	Export Inspection Council			
	Ministry of Environment			
	Ministry of Textiles			
	Any other (Please specify)			

(b) In your assessment, how much time you can save if you have to interact with a Single Window agency?

36) (a) Please list out the fees and charges paid by you for clearance of one consignment and their rates?

(b) From where do you obtain information regarding these fees & charges?

(c) Any suggestions regarding simplification / reduction of fees & charges?

Export Promotion Schemes

37) What is the number and percentage of consignments, which you are exporting under different export promotion schemes?

38) Do they take longer for processing by customs?

39) What are the special procedures involved in processing these shipping bills compared to the free shipping bills?

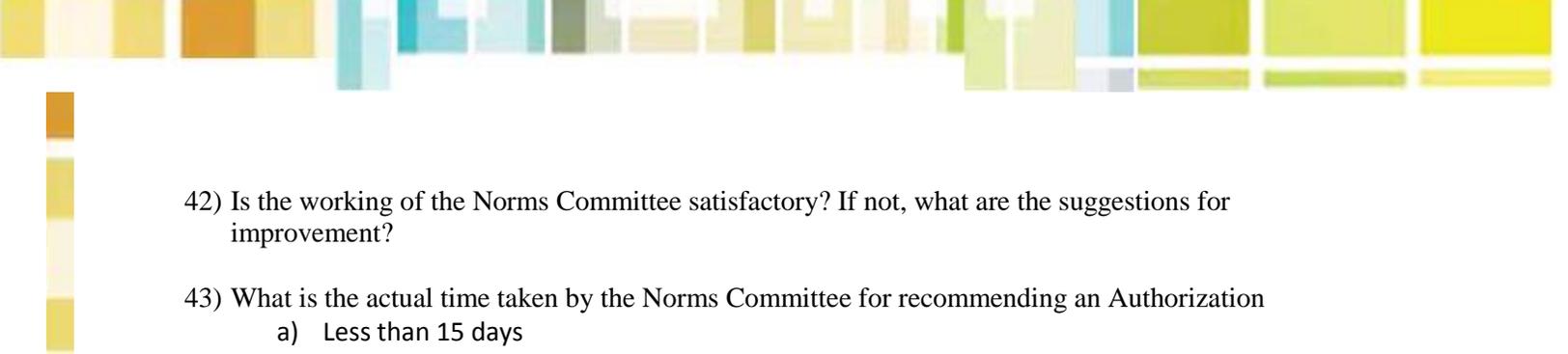
- i) Detailed examination of a specified percentage of the cargo
- ii) Collecting samples
- iii) Collecting specifications
- iv) Obtaining opinion from outside experts
- v) Any other (specify)

40) For import of inputs free of duty for export production, the Govt. has devised the Advance Authorization Scheme and its variants. What is the average time taken for obtaining the Authorization in case you want to import any input

- a) less than one month
- b) One to two months
- c) More than two months

41) What are the major difficulties in getting the license

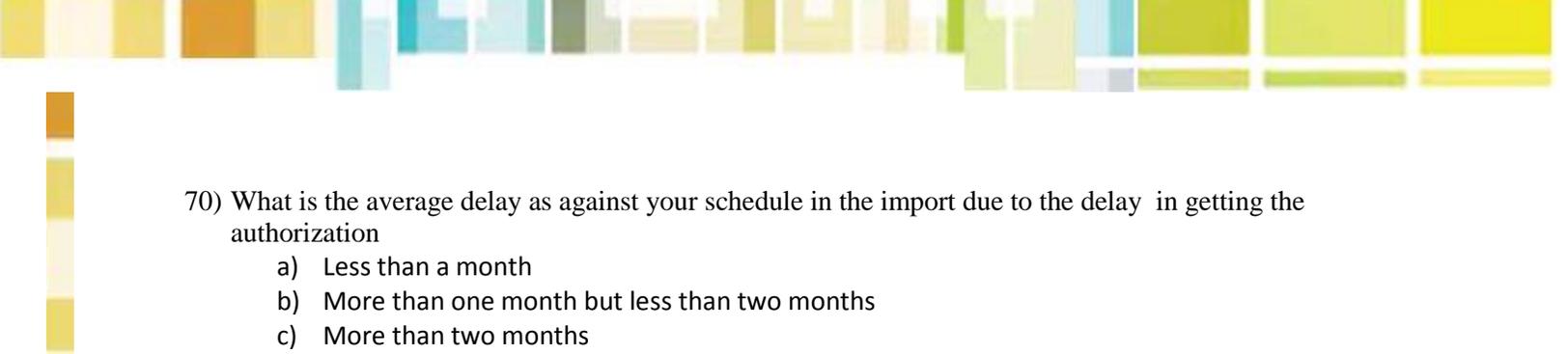
- a) difficulties in filing the application
- b) difficulties in obtaining the required information/documents at the time of application
- c) absence of SION norms
- d) any other (please specify)

- 
- 42) Is the working of the Norms Committee satisfactory? If not, what are the suggestions for improvement?
- 43) What is the actual time taken by the Norms Committee for recommending an Authorization
- Less than 15 days
 - More than 15 days but less than 30 days
 - More than 30 days
- 44) What is the average time taken for fixing the Standard Input Output Norms?
- Less than a month after application
 - More than one month but less than two months
 - More than two months
- 45) Are the licenses delayed due to the absence of SIONs?
- 46) Do you get queries from the Office on the applications?
- 47) What is the percentage of applications where queries are raised
- less than 25 percent
 - More than 25 percent but less than 50 percent
 - More than 50 percent
- 48) What are the frequent types of queries raised?
- 49) What is the time taken for replying to the queries
- Less than 7 days
 - More than 7 days but less than 14 days
 - More than 14 days
- 50) Are imports delayed due to the time taken for the issue of the licenses?
- 51) If so what is the average time by which the imports are delayed
- less than a month
 - more than a month but less than two months
 - more than two months
- 52) Has there been any case where you could not meet export orders because of the delay in getting the import authorization? If so, give details
- 53) What are your suggestions on improving the present procedures or the policy on Import Authorizations?
- 54) Are you filing the applications electronically?

- 
- 
- 55) Are the applications processed electronically?
 - 56) Are you getting queries electronically?
 - 57) Is the processing office able to refer to documents available on the Customs data base like the Shipping Bills?
 - 58) Is the office able to get the documents like BRC and Foreign Inward Remittance Certificate (FIRC) from the data base of the banks/RBI?
 - 59) Are the licenses transmitted to the Customs electronically?
 - 60) Do the Customs take action on the basis of the electronically transmitted licenses?
 - 61) If not, what are the reasons for not taking such action?
 - 62) Has the EDI helped in expediting the issue of licenses?
 - 63) What are your suggestions to improve the EDI?
 - 64) Do you favour electronic connection of all agencies to enable processing of an application by referring to the database of different agencies on the EDI?
 - 65) Do you support the idea of development of a software which will automatically work out your entitlements under the various export promotion schemes and transmit it to the concerned customs house on the basis of a simple application from you?

EPCG Licenses

- 66) What is the average time taken for getting an EPCG authorization
 - g) Less than one month
 - h) More than one month but less than two months
 - i) More than two months
- 67) What are the difficulties faced in filing the application
 - a) the documents required are difficult to obtain
 - b) too many details in the application form
 - c) applications to be filed electronically as well as in hard copy
- 68) What are the queries raised by the office generally?
- 69) What is the percentage of applications where queries are raised
 - a) less than 25 percent
 - b) more than 25 percent but less than 50 percent
 - c) more than 50 percent

- 
- 70) What is the average delay as against your schedule in the import due to the delay in getting the authorization
- a) Less than a month
 - b) More than one month but less than two months
 - c) More than two months
- 71) Are the applications processed electronically?
- 72) Are the authorizations issued electronically?
- 73) Does the customs dept act on the authorizations received electronically?
- 74) What are your suggestions for improving the entire scheme and for making it more effective?
- 75) Do you support the idea of development of a software which will electronically process the application after obtaining the required data from the database of other agencies like the customs, banks, RBI etc. and transmit the authorizations to the concerned agencies?

Other Export Promotion Measures

- 76) There are a number of export promotion measures like the DEPB, VKGUY, and FMS etc. where either credits or scrips are issued to exporters for payment of duty for future imports. What is the average time taken for getting these scrips/credits after the exports
- a) less than a month
 - b) more than one month but less than two months
 - c) more than two months
- 77) What are the difficulties in getting the credits/scrips promptly
- a) Absence of supporting documents like EP copy of Shipping Bills
 - b) Improper communication among the agencies concerned
 - c) Queries from the RA concerned
 - d) Any other
- 78) Are the applications processed electronically?
- 79) What are your suggestions to expedite the issue of these credits/scrips?

Questionnaire for Importers and Exporters

(at Land borders: Raxaul and Petrapole)

- 1) Are you satisfied with the existing infrastructure and facilities at the Border transit point?
Please grade your satisfaction level regarding the following on a scale of 1 to 5:

	Grading	1 (Poor)	2 (Fair)	3 (Good)	4 (Very Good)	5 (Excellent)
i.	Roads					
ii.	Warehousing facilities					
iii.	Scanning facilities for containers / trucks					
iv.	Handling equipment					
v.	Manpower					
vi.	Any other (please specify)					

- 2) If not what are the additional facilities and infrastructure you expect?

- 3) Are goods being shifted from one border point to the other as **headload**? If so, what is the time taken for this operation
- a) less than one day
 - b) more than one day but less than two days
 - c) more than two days

4) Do you think that a comprehensive Motor Vehicle Agreement allowing trucks/vehicles up to the warehouse of the other country would expedite trade?

- If yes, how much time do you think will be saved in movement of consignments across the border, once such an agreement comes into force?

5) What is the time lost due to the inadequate infrastructure like

- a) limited number of gates _____ hours
- b) security restrictions _____ hours
- c) congestion on the road _____ hours
- d) shortage of warehouses _____ hours
- e) inadequate handling equipments _____ hours

6) To what extent do you think that installation of a container/truck scanner will expedite the movement of cargo, in terms of time saved?

7) Do you think that there is a shortage of staff resulting in delay in the clearance of cargo?

8) If so, what do you think is the time that can be saved by having additional manpower (specify the number)

- a) one day
- b) More than one day but less than 3 days.

9) What is the total time expected to be saved by additional infrastructure and facilities?

- a) one day
- b) more than one day but less than 3 days

10) Are the following facilities available at the border exit point?

- a) Animal and Plant quarantine
- b) Inspection
- c) Fumigation facilities
- d) Testing facilities for drugs, food articles, leather etc.

11) What is the extent of delay in export/import due to absence / inadequate facilities for the above?

- a) Animal and Plant quarantine
- b) Inspection
- c) Fumigation facilities
- d) Testing facilities for drugs, food articles, leather etc.



12) Are the Standards harmonized and mutually recognized between the two countries?

If not, does it result in delays in exports / imports? How much?

13) Are the working hours and holidays harmonized on both sides?

If not, does it result in delays in exports / imports? How much?

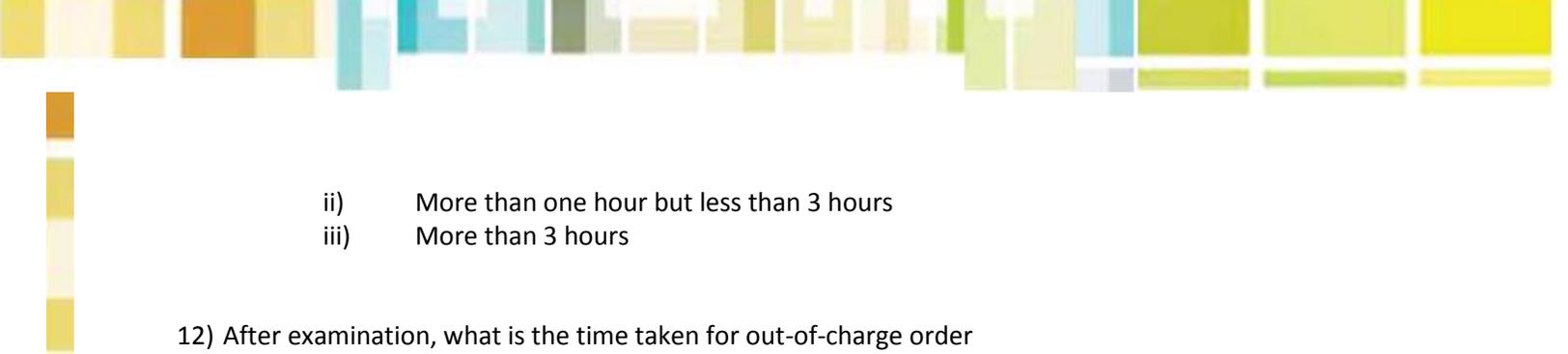
14) Provision of which of the above listed facilities (mutual recognition of standards and harmonization of working hours/holidays) will expedite and increase the trade?

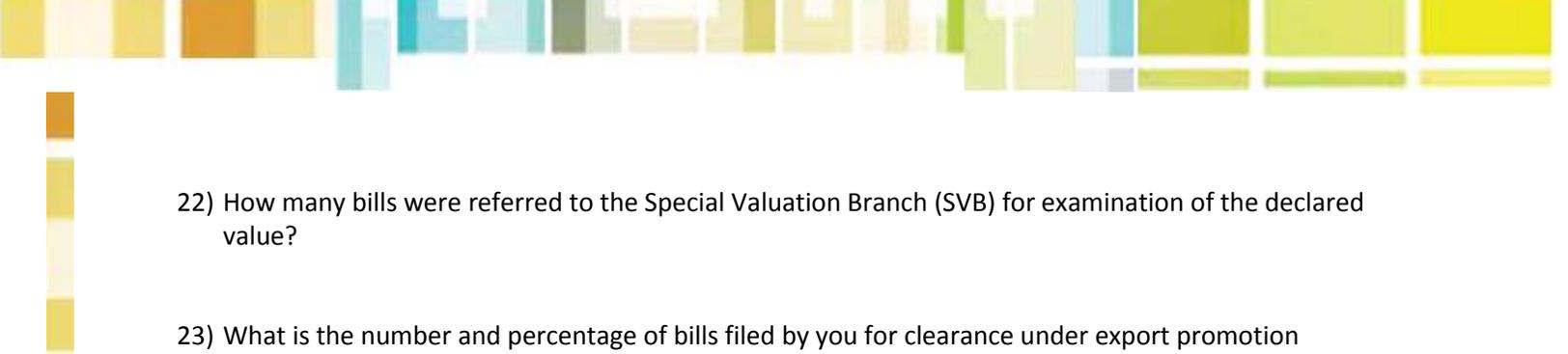
15) Are you satisfied with the current provision for verification of origin of goods under various bilateral trade agreement, if any?

16) If not, what are the suggestions to improve the verification system?

Questionnaire for Custom House Agents (CHAs)

- 1) How many Bills of Entry did you file in 2008-09?
- 2) Do you file bill of entry in advance of the arrival of the vessel / aircraft? - % of total
- 3) Are you able to file all bills electronically and from remote locations?
- 4) What are the difficulties faced in filing bills electronically and for remote filing?
- 5) Out of the bills so filed, what is the number and percentage of bills that you are able to get the assessment completed and duty paid before the goods arrival?
- 6) What are the bottlenecks for filing the advance bills of entry and getting them assessed ahead of the arrival of the vessel?
- 7) What is the number and percentage of bills (filed by you) which were assessed by the System under the RMS?
- 8) What are your observations on the RMS and what are your suggestions to make it more effective in expediting clearance?
- 9) Do you pay the duty immediately on assessment or do you wait for your client to make the funds available?
- 10) What is the time taken by the clients to send the funds to you
 - i) One day
 - ii) More than one day but less than 3 days
 - iii) More than 3 days
- 11) After the assessment and payment of duty, what is the time taken by customs to examine the cargo
 - i) Less than one hour

- 
- ii) More than one hour but less than 3 hours
 - iii) More than 3 hours
- 12) After examination, what is the time taken for out-of-charge order
- i) Less than one hour
 - ii) More than one hour but less than 3 hours
 - iii) More than 3 hours
- 13) What is the time taken for actual delivery of the cargo after the out-of-charge order is given?
- i) Less than one hour
 - ii) More than one hour but less than 3 hours
 - iii) More than 3 hours
- 14) For the second and third shifts, do you get the customs officers on overtime payment?
- 15) Do you pass on / charge the overtime fee to the importers/exporters?
- 16) What is the no. and percentage of bills referred to outside agencies like
- i) Plant Protection Authorities
 - ii) Drug Control Authorities
 - iii) Port Health Officer
 - iv) Chemical Laboratory including outside labs
 - v) Outside experts for opinion
 - vi) External valuation agencies
 - vii) Any other (please specify)
- 17) What is the average time taken by these agencies for clearing a bill?
- 18) What are the problems faced in getting clearance from the aforementioned agencies and what are your suggestions to expedite the clearance of documents by these agencies?
- 19) What is the number and percentage of bills filed by you in 2008-09, where provisional assessment was done?
- 20) What is the average time taken for completing documentation for provisional assessment?
- 21) Do you think that some of these provisional assessments could have been avoided and what are those areas?
- 



22) How many bills were referred to the Special Valuation Branch (SVB) for examination of the declared value?

23) What is the number and percentage of bills filed by you for clearance under export promotion schemes or under various import licences?

24) What is the time taken for registration of the licences

- i) One day
- ii) More than one day but less than 3 days
- iii) More than 3 days

25) What are the issues raised at the time of registration?

26) What is the time taken for getting TRAs from other Ports/Airports

- i) One day
- ii) More than one day but less than 3 days
- iii) More than 3 days

27) What are the suggestions for expediting the registration of licences and the receipt of TRAs?

28) What is the average time taken by the SVB for clearing a current bill?

29) What is the number of bills where adjudication proceedings were initiated?

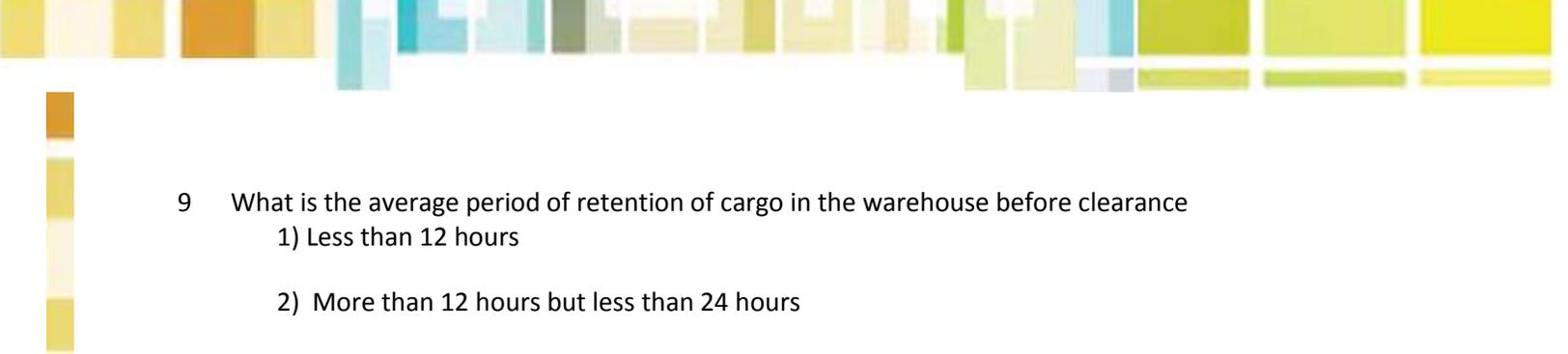
30) What is the average time taken for such proceedings?

31) What suggestions do you have to further simplify the procedure for clearance of goods at the border?

Questionnaire for AIR PORT OPERATORS

For import consignments

- 1 Does the Airport receive the Import Manifest before the arrival of the aircraft?
- 2 If not, what is the average time taken in receiving the Manifest after arrival of the aircraft?
- 3 Are the manifests received electronically from remote locations like the office of the Agents?
- 4 What is the average period of breakdown of the connectivity between the Airport and the Cargo Agents in each month during 2008-09?
- 5 In case of breakdown of connectivity, can the agents file the manifest
 - i. In floppies/CDs?
 - ii. Manually
- 6 What is the average time lost in case of
 - i. Filing in floppies / CDs as against electronic filing?
 - ii. Manual filing as against electronic filing?
- 7 What is the time taken for removal of cargo from the tarmac to the warehouse for clearance?
 - 1) Less the 12 hours
 - 2) More than 12 hours but less than 24 hours
 - 3) More than 24 hours
- 8 Do you manage the import warehouse where the cargo is stored before their clearance?

- 
- 9 What is the average period of retention of cargo in the warehouse before clearance
- 1) Less than 12 hours
 - 2) More than 12 hours but less than 24 hours
 - 3) More than 24 hours but less than 72 hours
 - 4) More than 72 hours
- 10 What is the free period of storage in the warehouse allowed for import cargo?
- 11 What is the number and percentage of shipments where demurrage was levied in 2008-09?
- 12 After clearance from customs, what is the time taken for actual delivery of the cargo
- 1) Less than 6 hours
 - 2) More than 6 hours but less than 12 hours
 - 3) More than 12 hours
- 13 What is the average time taken at the exit gate for the trucks to pass the gate?
- i) Less than 30 minutes
 - ii) More than 30 minutes but less than one hour
 - iii) More than one hour
- 14 Does the cargo complex work on three shifts?
- 15 Do you give delivery of import cargo on all shifts?

For Export consignments

- 16 What is the period of detention of export shipments at the gate?
- i) Less than 30 minutes
 - ii) More than 30 minutes but less than 60 minutes
 - iii) More than 60 minutes
- 17 What are the reasons for such detention?
- i) Congestion at the gate

- ii) Documents not in order
- iii) Security issues

- 18 Do you permit outstation export shipment coming after customs into the airport pending the receipt of completed customs documents for export?
- 19 What is the average period of waiting for export shipments inside the Airport before being loaded??
- 20 Does the Airport experience any delay in the receipt of export shipments after all the procedures are completed? If so, what are the reasons for the same?

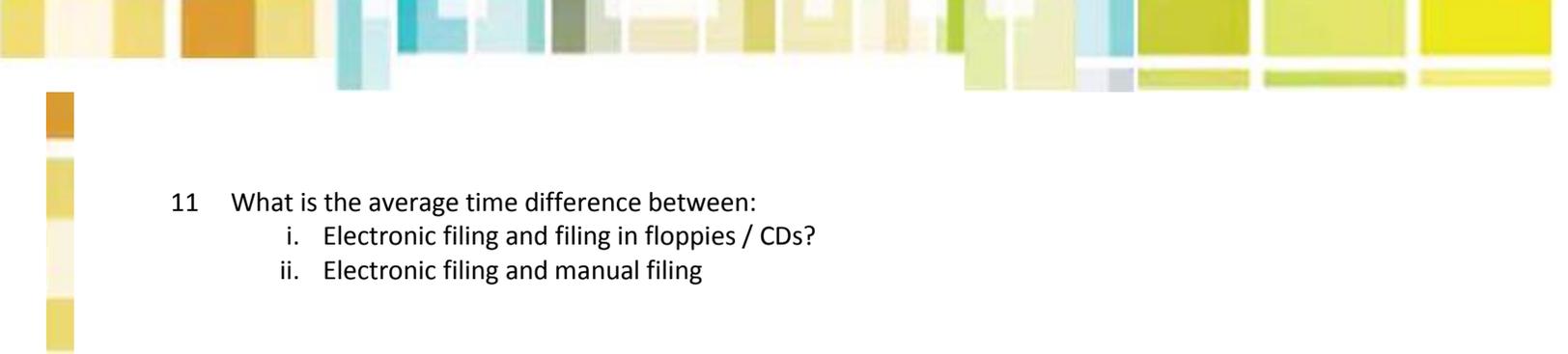
General

- 21 Do you have a website?
- 22 Do you put the status of shipment on the website for the information of the users?
- 23 What is the system of restricting entry of persons into the Port?
- 24 What is the time taken for issue of entry pass?
- 25 What are the modernisation plans of the port in the next 3 years?

Questionnaire For Sea Port Operators

For import consignments

- 1 What is the system for allotment of berths for ships?
- 2 Is there a shortage of berths in the Port?
- 3 Is there any waiting period for ships to get berths?
- 4 If so, what is the average waiting period –
 - (i) Less than a day
 - (ii) More than one day but less than two days
 - (iii) More than two days but less than one week
 - (iv) More than one week
- 5 What is the number and percentage of ships that had to wait during 2008-09?
- 6 Does the Port receive the Import Manifest before the arrival of the vessel?
- 7 If not what is the average time taken in receiving the Manifest after arrival of the vessel?
- 8 Are the manifests received electronically?
- 9 What is the average period of breakdown of the connectivity between the Port and the Shipping Agent in each month during 2008-09?
- 10 In case of breakdown of connectivity, can the shipping agent file the manifest
 - i. In floppies/CDs?
 - ii. Manually

- 
- 11 What is the average time difference between:
 - i. Electronic filing and filing in floppies / CDs?
 - ii. Electronic filing and manual filing
 - 12 In case of computer breakdown, can the shipping agent file the manifests manually?
 - 13 What is the average period of such breakdown of the computer in each month during 2008-09?
 - 14 What is the average time taken for unloading of container from the ships
 - i) Less than 6 hours
 - ii) More than 6 hours but less than 12 hours
 - iii) More than 12 hours but less than 24 hours
 - iv) More than one day but less than two days
 - v) More than two days but less than one week
 - vi) More than one week
 - 15 What is the free period granted to shipping agents to retain the containers at the wharf?
 - 16 What is the percentage and number of containers where the Shipping Agents/ companies levy detention charge from the importer for delay in removal of containers?
 - 17 Does the Port/Port operator charge any penalty for delay in removal of the containers from the Wharf?
 - 18 If so, who pays and what is the number and percentage of containers where such penalty was levied in 2008-09?
 - 19 What are the documents required for removal of the containers?
 - 20 Do you have specified CFS for removal of the cargo?
 - 21 Is there any direct delivery of cargo from the wharf? If not, what are the impediments in introducing this facility?
 - 22 What are the type of cargo and conditions under which direct delivery is granted?
 - 23 What is the time taken for delivery after the container is landed under the direct delivery system?

- 24 What is the time taken for shifting containers from the Port to the CFS / Warehouse or ICD? Please indicate % of all containers against each time category:

	Port to CFS (% of containers)	Port to ICD (% of containers)
Less than six hours		
More than six hours but less than 12 hours		
More than 12 hours but less than 24 hours		
More than one day but less than 2 days		
More than 2 days but less than 4 days		
More than 4 days but less than 1 week		
More than 1 week		

- 25 What are the reasons for delay in shifting cargo from Port to CFS?

Grading	1 Not Imp	2 Somewhat Imp	3 Imp	4 Very Imp	5 Most Imp
Lack of sufficient transport					
Absence/shortage of labour					
Shortage of equipments					
Congestion on the outbound road					
Congestion at the Port Gate					
Non receipt of documents					
Delay due to scanning of containers					
Any other reason					

26 What are the reasons for delay in removal of ICD cargo?

	1	2	3	4	5
	Not Imp	Somewhat Imp	Imp	Very Imp	Most Imp
Shortage of railway rakes					
Shortage of cranes, reach stackers and other equipments					
Shortage of labour					
Restrictions under the labour laws					
Non – receipt of T.P or other documents					
Any other reason					

27 Are the computer systems of Port and Customs compatible and is there immediate electronic transmission of manifest by Port to Customs? If not, what is the mode of transmission and what is the time taken?

28 What is the average time taken at the exit gate for the trucks to pass the gate?

- i) Less than 30 minutes
- ii) More than 30 minutes but less than one hour
- iii) More than one hour

29 Do the security agencies and the Port capture the data of the containers separately at the Gate?

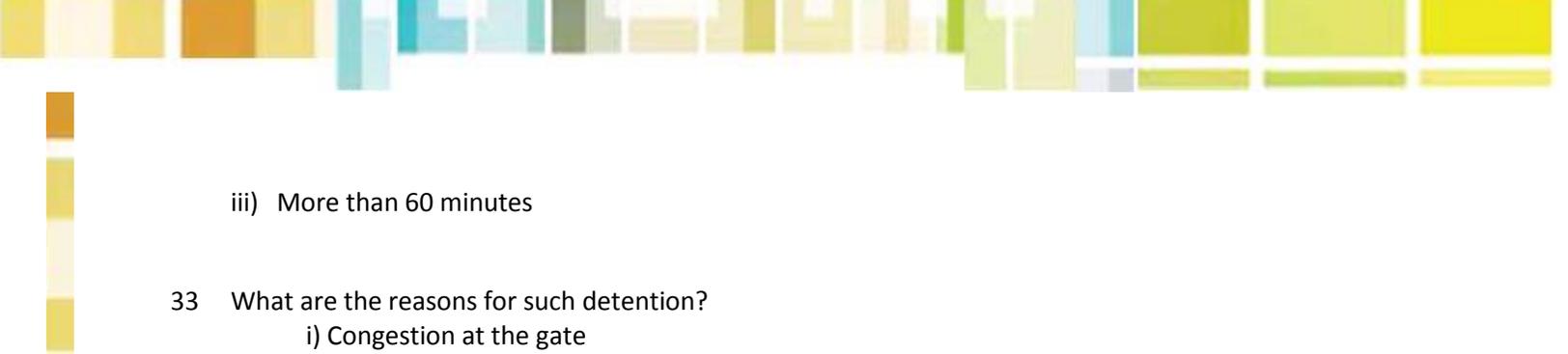
30 Does the cargo complex work on three shifts?

31 Do you give delivery of import cargo on all shifts?

For Export consignments

32 What is the period of detention of export containers at the gate?

- i) Less than 30 minutes
- ii) More than 30 minutes but less than 60 minutes

- 
- iii) More than 60 minutes
- 33 What are the reasons for such detention?
- i) Congestion at the gate
 - ii) Documents not in order
 - iii) Security issues
- 34 Do you permit outstation export containers coming after customs examination into the port pending the receipt of completed customs documents for export?
- 35 What is the average period of waiting for export containers inside the Port before being loaded on the ship?
- 36 What is the time taken by the Port for loading the export cargo after it is received in the wharf?
- 37 Does the Port experience any delay in the receipt of export cargo after all the procedures are completed? If so, what are the reasons for the same?

For Transit Cargo

- 38 What is the number of International Transit containers unloaded and transhipped at your Port?
- 39 Are there break bulk cargo coming to the Port for international transhipment?
- 40 What is the percentage of such containers compared to the total number of containers handled in the Port?
- 41 Are such containers removed to the CFS?
- 42 When do the shipping agents file the transhipment application for such containers
- i) Before their arrival
 - ii) After their arrival and unloading
- 43 Are transhipment applications processed on the EDI?

- 
- 
- 44 What is the time taken for permitting the transshipment
- i) Less than 3 hours
 - ii) More than 3 hours but less than 6 hours
 - iii) More than 6 hours
- 45 Is the loading of these containers done under customs supervision?
- 46 If so, does the dept. collect Merchant Overtime fees from the Shipping Agents?
- 47 What is the average time taken for actual loading after the permission is granted?
- i) Less than 3hours
 - ii) More than 3 hours but less than 6 hours
 - iii) More than 6 hours
- 48 What are the reasons for the delay
- i) Absence of Customs officer for supervision
 - ii) Shortage of equipments
 - iii) Delay in the sailing schedule of the ship
 - iv) Any other (specify)
- 49 Are the goods meant for overland transshipment shifted to the CFS before they are transhipped?
- 50 After the procedures are completed, within how many days are the containers loaded on the truck?
- i) Within one day
 - ii) More than one day but less than 3 days
 - iii) More than 3 days

General

- 51 Do you have a website?
- 52 Do you put the status of containers on the website for the information of the users?
- 53 What is the system of restricting entry of persons into the Port?
- 54 What is the time taken for issue of entry pass?



55 What are the modernisation plans of the port in the next 3 years?

Questionnaire for CFS / ICD Operators

For Import consignments

- 1) What is the time taken for unloading of containers shifted from the Port at the CFS
 - i) Less than one hour
 - ii) More than one hour but less than 3 hours
 - iii) More than 3 hours

- 2) What is the security check done at the gate of the CFS before entry is allowed into the CFS?

- 3) What is the time taken at the entry gate for security check?

- 4) On how many occasions during 2008-09, did you have congestion at the CFS, as a result of which the incoming containers had to be detained outside CFS for entry?

- 5) What was the period of such detention on an average?

- 6) Are all processes relating to customs being done on the EDI?

- 7) What is the record of breakdown of computer connectivity during 2008-09 month wise?

- 8) Is manual processing of documents done during such breakdown?

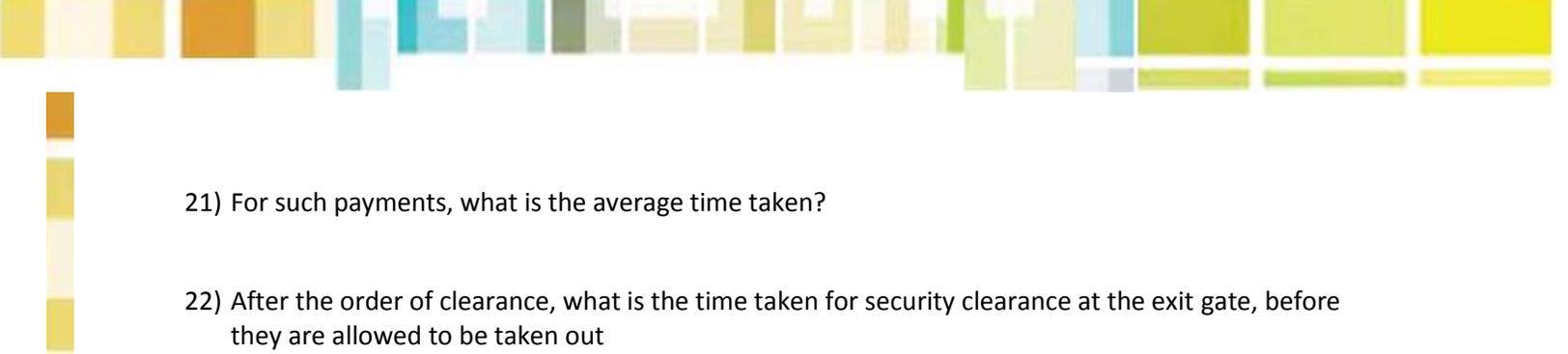
- 9) What is the average time taken for customs examination after payment of duty?

- 10) What was the time taken for examination by Customs after payment of duty?

	No. and percentage of containers	
i) Less than 3 hours		_____
ii) More than 3 hours but less than 6 hours		_____
iii) More than 6 hours but less than 12 hours		_____

- iv) More than 12 hours but less than 24 hours _____
- v) More than 24 hours but less than 36 hours _____
- vi) More than 36 hours _____

- 11) What is the percentage of containers examined by customs on an average?
- 12) If only a small percentage of containers in a consignment is examined by customs, can the importer get the rest of the containers of the same consignment cleared after the selection for examination?
- 13) Are there instances when the examination was delayed/ cancelled due to shortage of labour or equipment?
- 14) If so, the number of occasions, when this happened and the time taken for arranging equipment/labour?
- 15) What is the time lag between the customs examination and actual delivery of containers for clearance
- i) Within One hour
 - ii) More than one hour but less than 3 hours
 - iii) More than 3 hours but less than 6 hours
 - iv) More than 6 hours but less than 12 hours
 - v) More than 12 hours
- 16) What are the procedures and documentation that the CFS has prescribed for the importers/CHAs to comply with?
- 17) What is the average time taken by the CHAs to comply with these requirements
- i) Less than one hour
 - ii) More than one hour but less than 3 hours
 - iii) More than 3 hours
- 18) What is the average time taken for getting the equipments like cranes or reach stackers to get to the containers?
- 19) Do the CFS operators own their own equipments or do subcontractors own them?
- 20) If subcontractors own them, do they charge separately for the equipments?

- 
- 21) For such payments, what is the average time taken?
- 22) After the order of clearance, what is the time taken for security clearance at the exit gate, before they are allowed to be taken out
- i) Less than 30 minutes
 - ii) More than 30 minutes but less than 2 hours
 - iii) More than 2 hours
- 23) In the case of LCL cargo, what is the average time taken for getting the equipments for de-stuffing the containers?
- 24) What is the average time taken to get the labour to de-stuff the containers?
- 25) Do the CHAs use their own labour for the work inside the CFS/ICD?
- 26) For using the labour of the CHAs, are they required to make payment to the CFS / ICD and if so what is the average amount per container or per CBM?
- 27) For using their own labour, are the CHAs required to make any payments to the regular labour of the CFS / ICD or to the labour union?
- 28) If so, what is the average amount per container or per CBM?
- 29) What is the number and percentage of containers detained by other agencies like DRI, Police, Preventive wing of customs etc. during 2008-09?
- 30) What is the average time taken by these agencies to clear the detained containers
- i) Less than one week
 - ii) More than one week but less than 2 weeks
 - iii) More than 2 weeks but less than 4 weeks
 - iv) More than 4 weeks
- 31) (a) What are the charges levied by the CFS / ICD in the normal course?
- (b) What is the time taken to intimate the CHA about the charges?
- 32) What is the average time taken for payment of the charges?

- 
- 
- 33) What is the free period of storage for containers that you allow to importers?
- 34) What are the charges you levy if the storage of containers exceeds the free period? What is basis for fixing these charges?
- 35) What is the average period of detention of containers in the CFS?
- 36) What is the number and percentage of containers detained for the following duration
- i) Less than one day
 - ii) More than one day but less than 3 days
 - iii) More than 3 days but less than 7 days
 - iv) More than 7 days but less than 14 days
 - v) More than 14 days but less than 30 days
 - vi) More than 30 days

For Export consignments

- 37) Do exporters bring the cargo for stuffing in containers in the CFS?
- 38) What is the time taken by the customs to examine the cargo after it is ready for stuffing
- i) Less than 3 hours
 - ii) More than 3 hours but less than 6 hours
 - iii) More than 6 hours but less than 24 hours
 - iv) More than 24 hours
- 39) What is the average time taken for stuffing of a container?
- 40) Is container stuffing delayed because of shortage of labour/equipment?
- 41) What is the average loss of time due to above reasons
- i) Less than one day
 - ii) More than one day but less than two days

42) In how many cases did the container miss the deadline set by the shipping company for carting to the Port during 2008-09 and what is the percentage of such case compared to the total number of containers?

43) What is the percentage of export cargo examined by the customs?

General

44) Do you maintain a website?

45) Do you show the status of containers in the website?

46) Do you explain the procedures and charges in the website?

47) What are your suggestions for further simplification of procedures for expediting the clearance of import containers?

i) For imports

ii) For exports

48) What are your modernisation plans in the next three years?

Questionnaire for Air Cargo Agents

For Imports

- 1) When do you file the Import Manifest with the Port/Customs authorities
 - Before the arrival of the vessel / aircraft
 - After the arrival of the vessel / aircraft

- 2) What are the reasons for the delay in filing the manifests, if any?

- 3) Are you able to file the manifests complete in all respects? Do you include the cargo shipped by the NVOCCs / Consolidators in the Manifest?

- 4) Do you file the manifests electronically on EDI at the Service Centre - with the port and with the customs? How much time is taken in such electronic transmission?

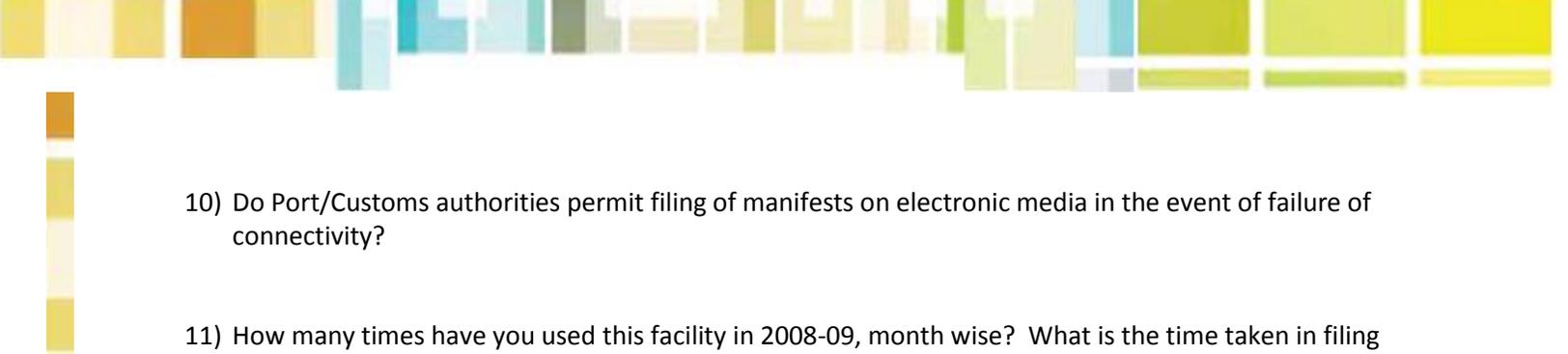
- 5) Are you able to do remote filing of the manifests?

- 6) Is the connectivity with Port and Customs fail-proof?

- 7) How frequently have you experienced delay on account of the breakdown of the EDI
 - i) Very rare
 - ii) Once every week
 - iii) More than once but less than 5 times a week
 - iv) More than 5 times a week

- 8) What is the duration of such breakdown
 - i) Less than one hour
 - ii) More than one hour but less than 3 hours
 - iii) More than 3 hours

- 9) What is the average downtime of connectivity with Port and Customs – month wise for 2008-09?

- 
- 10) Do Port/Customs authorities permit filing of manifests on electronic media in the event of failure of connectivity?
 - 11) How many times have you used this facility in 2008-09, month wise? What is the time taken in filing the manifest in electronic media?
 - 12) On such occasions, are you permitted to file manifests manually? If so, what is the average no of manifests filed manually in 2008-09 – month wise?
 - 13) Do you intimate the shippers of the arrival of the vessel individually or by general notification (e.g. advertisement in a journal such as Shipping News etc.)?
 - 14) What is the average number and percentage of errors in manifests filed in 2008-09?
 - 15) Do these errors occur on account of the mistakes from the shippers?
 - 16) Do you levy a fee for correcting the mistakes in the manifests?
 - 17) Do Customs levy a penalty for amending the manifests?
 - 18) Is there any delay in receiving the documents from abroad?
 - 19) Are delivery orders (DOs) delayed on account of such delay? If so what is the average delay during 2008-09?
 - 20) Who else is authorised to issue DOs?
 - 21) Do you collect all the charges before issuing the DO?
 - 22) Who issues the Delivery Orders in respect of cargo shipped by the NVOCCs/Consolidators?
 - 23) Do the shippers have to get a delivery order from the NVOCC/Consolidators before the DO is issued by the MLO?
 - 24) Do NVOCCs/Consolidators levy a fee for issue of the DO?

- 
- 25) What are the fees/charges levied by MLOs for issue of DO?
- 26) What is the average time taken for issue of Delivery Orders including compliance with the procedures and payment of fees?
- 27) Do you get the export cargo after palletisation in the warehouse of the airlines? Or do the airlines load the export cargo directly from their warehouse?
- 28) Who is authorised to shift the cargo from the tarmac/wharf to the Import warehouse?
- i) Airport / Port operator
 - ii) Contractor of the port operator
 - iii) Customs
 - iv) Airport / Port authority
- 29) What is the time taken for shifting of the cargo?
- i) Less than 3 hours
 - ii) 3 to 6 hours
 - iii) 6 to 12 hours
 - iv) More than 12 hours
- 30) Is the shifting done under customs supervision?
- 31) If so, what is the time taken for getting the customs officer to supervise the shifting
- i) Less than one hour
 - ii) One to three hours
 - iii) More than three hours
- 32) Do you undertake to transport the cargo to custom-bonded warehouse?
- 33) What improvements in documentation would you like to suggest?
- 34) What are the procedural improvements you suggest?
- 35) What suggestions do you have to further simplify the procedure for goods clearance?

Questionnaire for Shipping Agents

For Imports

- 1) When do you file the Import Manifest with the Port/Customs authorities
 - Before the arrival of the vessel
 - After the arrival of the vessel

- 2) What are the reasons for the delay in filing the manifests, if any?

- 3) Are you able to file the manifests complete in all respects? Do you include the cargo shipped by the NVOCCs / Consolidators in the Manifest?

- 4) Do you file the manifests electronically on EDI at the Service Centre - with the port and with the customs? How much time is taken in such electronic transmission?

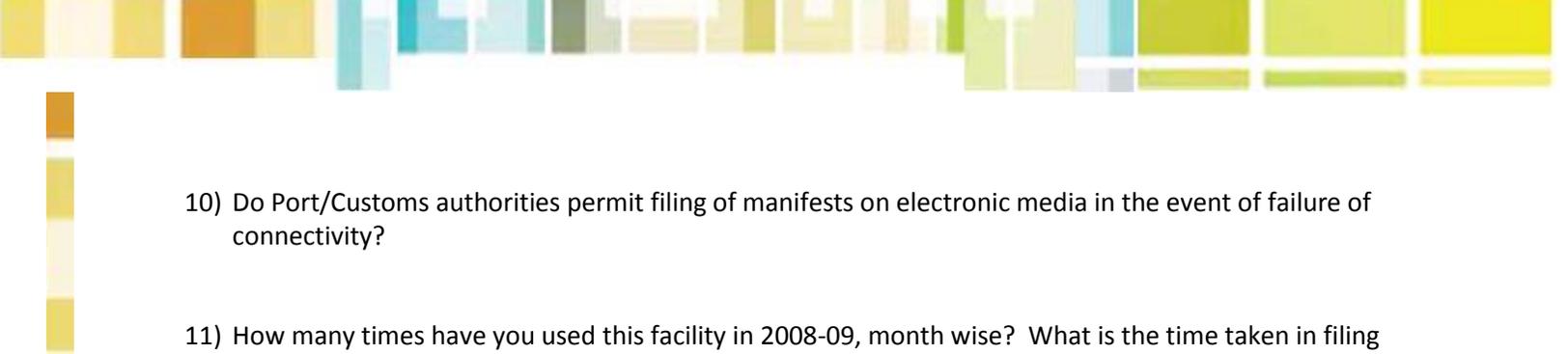
- 5) Are you able to do remote filing of the manifests?

- 6) Is the connectivity with Port and Customs fail-proof?

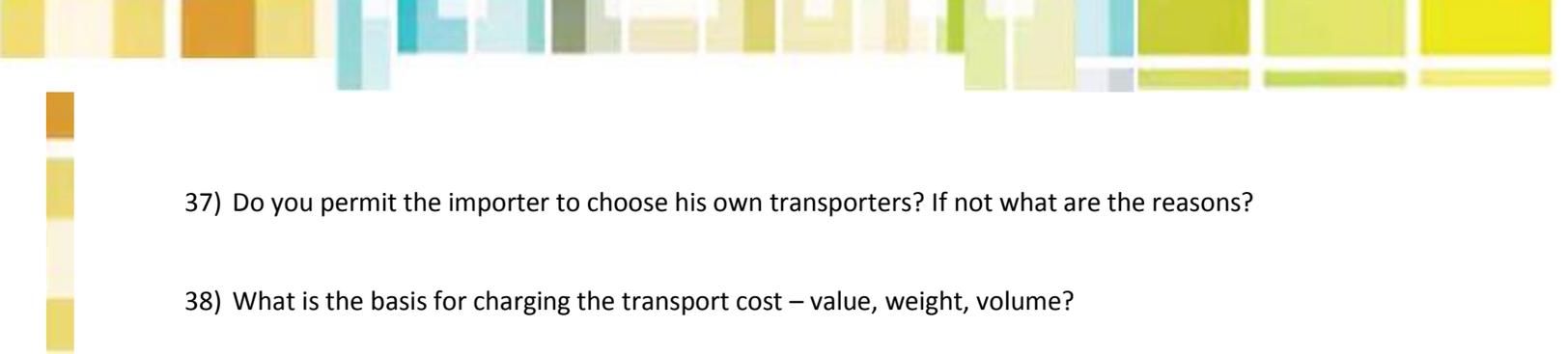
- 7) How frequently have you experienced delay on account of the breakdown of the EDI
 - i) Very rare
 - ii) Once every week
 - iii) More than once but less than 5 times a week
 - iv) More than 5 times a week

- 8) What is the duration of such breakdown
 - i) Less than one hour
 - ii) More than one hour but less than 3 hours
 - iii) More than 3 hours

- 9) What is the average downtime of connectivity with Port and Customs – month wise for 2008-09?

- 
- 10) Do Port/Customs authorities permit filing of manifests on electronic media in the event of failure of connectivity?
 - 11) How many times have you used this facility in 2008-09, month wise? What is the time taken in filing the manifest in electronic media?
 - 12) On such occasions, are you permitted to file manifests manually? If so, what is the average no of manifests filed manually in 2008-09 – month wise?
 - 13) Do you intimate the shippers of the arrival of the vessel individually or by general notification (e.g. advertisement in a journal such as Shipping News etc.)?
 - 14) What is the average number and percentage of errors in manifests filed in 2008-09?
 - 15) Do these errors occur on account of the mistakes from the shippers?
 - 16) Do you levy a fee for correcting the mistakes in the manifests?
 - 17) Do Customs levy a penalty for amending the manifests?
 - 18) Is there any delay in receiving the documents from abroad?
 - 19) Are delivery orders (DOs) delayed on account of such delay? If so what is the average delay during 2008-09?
 - 20) Who else is authorised to issue DOs?
 - 21) Do you collect all the charges before issuing the DO?
 - 22) Who issues the Delivery Orders in respect of cargo shipped by the NVOCCs/Consolidators?
 - 23) Do the shippers have to get a delivery order from the NVOCC/Consolidators before the DO is issued by the MLO?
 - 24) Do NVOCCs/Consolidators levy a fee for issue of the DO?

- 
- 
- 25) What are the fees/charges levied by MLOs for issue of DO?
- 26) What is the average time taken for issue of Delivery Orders including compliance with the procedures and payment of fees?
- 27) Who is authorised to shift the cargo from the tarmac/wharf to the Import warehouse?
- i) Port operator
 - ii) Contractor of the port operator
 - iii) Customs
 - iv) Port authority
- 28) What is the time taken for shifting of the cargo?
- i) Less than 3 hours
 - ii) 3 to 6 hours
 - iii) 6 to 12 hours
 - iv) More than 12 hours
- 29) Is the shifting done under customs supervision?
- 30) If so, what is the time taken for getting the customs officer to supervise the shifting
- i) Less than one hour
 - ii) One to three hours
 - iii) More than three hours
- 31) Do you undertake to transport the cargo to custom-bonded warehouse?
- 32) Do you collect the transport charges in advance from the importer/CHA?
- 33) Do you have specific transport agents?
- 34) Is the removal of containers delayed due to shortage/absence of transport?
- 35) Do you permit the importer/CHA to remove the cargo to the CFS of their choice?
- 36) If above is not permitted, what are the reasons?

- 
- 37) Do you permit the importer to choose his own transporters? If not what are the reasons?
 - 38) What is the basis for charging the transport cost – value, weight, volume?
 - 39) What is the role of NVOCCs/Consolidators at this stage of clearance?
 - 40) Do the procedures adopted by the Private Port Operators for clearance of containers hinder faster removal of the cargo? If so what are these procedures and which of them, according to you, can be relaxed without affecting smooth operation of the Port?
 - 41) What according to you are the points of delay in the removal of containers to CFS?
 - 42) What is the free period of container detention allowed to the Importer?
 - 43) What are the average detention charges levied from importers?
 - 44) Upto which point do you levy the detention charges – till the unloading of the goods at the destination or till the delivery of container at the empty yard?
 - 45) What improvements in documentation would you like to suggest?
 - 46) What are the procedural improvements you suggest?
 - 47) What suggestions do you have to further simplify the procedure for goods clearance?

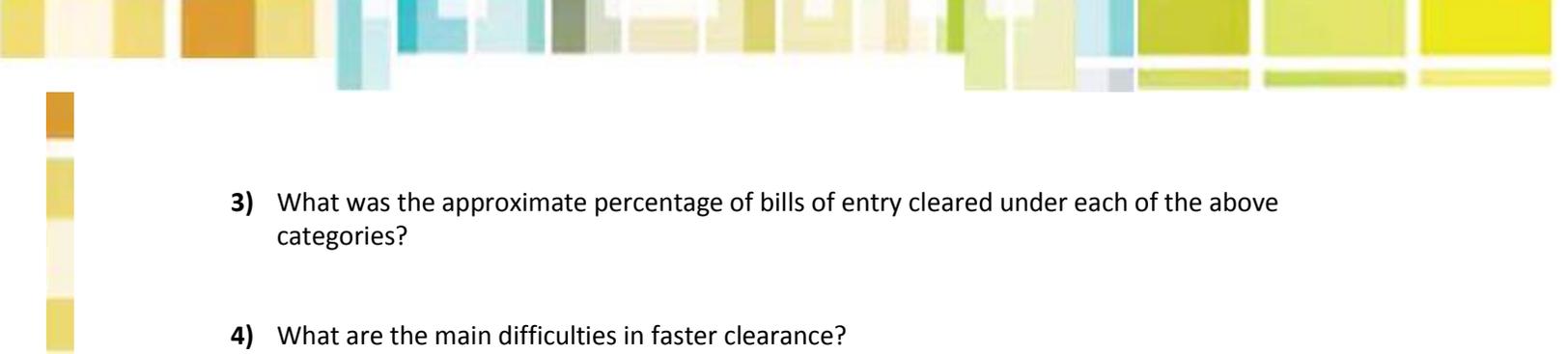
Questionnaires for Other Government Departments

Plant Quarantine

- 1) What is the average number of applications received per month for inspection/fumigation?
- 2) What is the average time taken for inspection/fumigation
 - a) less than one day
 - b) more than one day but less than 3 days
 - c) more than 3 days
- 3) What are the difficulties in inspection/fumigation
 - a) shortage of facilities
 - b) shortage of staff
 - c) deficiency in documentation by the importer
 - d) any other (pl specify)
- 4) What are the suggestions for expediting the inspection/fumigation?

Port Health Authorities

- 1) What was the average number of consignments referred to PHO for clearance in a month during 2007-08?
- 2) What was the average time taken for clearance
 - a) less than a day
 - b) more than one day but less than 3 days
 - c) More than 3 days but less than a week
 - d) More than one week

- 
- 3) What was the approximate percentage of bills of entry cleared under each of the above categories?
 - 4) What are the main difficulties in faster clearance?
 - a) lack of sufficient information on the drugs under examination
 - b) absence of detailed literature from the manufacturers
 - c) absence of testing facility
 - d) Any other
 - 5) What is the percentage of consignments sent to outside agencies for testing?
 - 6) What is the percentage of consignments found to be not complying with Indian requirements/standards?
 - 7) Do you accept the test certificates from manufacturers? If so what is the percentage of consignments cleared on the basis of such certificates?
 - 8) What are your suggestions for expediting the clearance?
 - 9) What are the modernization plans for clearance of goods for the next three years?

Drug Control Authorities

- 1) What was the average number of bills of entry received for clearance per month during 2007-08?

- 2) What was the time taken for clearance
 - a) Less than one day _____ % of bills of entry
 - b) More than one day but less than 3 days _____ % of bills of entry
 - c) More than 3 days but less than a week _____ % of bills of entry
 - d) More than a week _____ % of bills of entry
 - e) Average time taken _____ days

- 3) What are the main difficulties in faster clearance
 - a) lack of sufficient information on the drugs under examination

 - b) absence of detailed literature from the manufacturers

 - c) absence of testing facility

- 4) What is the percentage of consignments sent to outside agencies for testing?

- 5) What is the percentage of consignments found to be not complying with Indian requirements/standards?

- 6) Do you accept the test certificates from manufacturers? If so what is the percentage of consignments cleared on the basis of such certificates?

- 7) What are your suggestions for expediting the clearance?

Ministry of Agriculture

- 1) What is the average month wise number of applications received for Import Permit for import of plants and plant materials?

- 2) What is the time taken for issue of Import Permit
 - a) Less than one week _____ % of Import Permits
 - b) More than one week but less than 2 weeks _____ % of Import Permits
 - c) More than 2 weeks but less than 1 month _____ % of Import Permits
 - d) More than 1 month _____ % of Import Permits
 - e) Average time taken _____ weeks

- 3) What is the number and percentage of applications where queries had to be raised before issue of the permit?

- 4) Are the applications being made electronically?

- 5) Are they being processed and transmitted electronically?

- 6) Are the permits being transmitted electronically to the Customs System so that the Department can act without delay?

- 7) What steps can be taken to expedite the issue of the Import Permits?

- 8) What is the number and percentage of applications where the permit was denied?

- 9) Are permits issued for a longer period on the basis of the past record of the Importer?

- 10) What are the modernization plans for clearance of goods for the next three years?

Questionnaire for Industry / Export Promotion bodies

1. Name and contact details of the organization:

2. Export Turnover of the industry/sector:

3. Principal countries to which exported:

4. Composition of the sector:

Share of total exports

- Cottage/informal sector _____%
- Small Scale _____%
- Medium scale _____%
- Large _____%

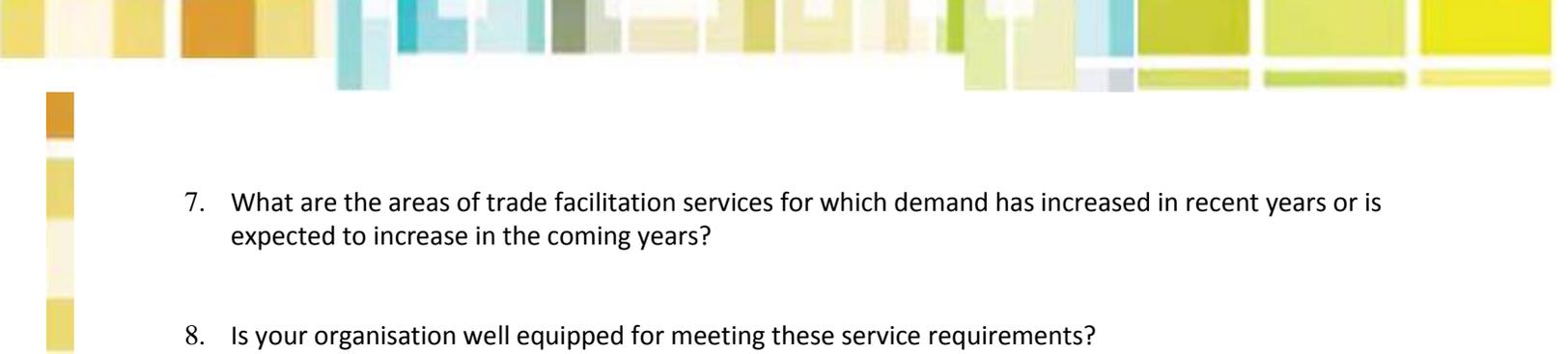
- Merchant Exporters _____%
- Manufacturer exporters _____%

5. Registration/membership of exporting organisations:

- Criteria
- Fees
- List/Directory of leading exporters

6. Trade facilitation services provided to members/registered exporters?

- Information regarding regulations and procedures in destination countries
- Testing facilities and certification (recognition of the same)
- Special facilities for SME exporters (please specify)
- Any other (please elaborate)

- 
7. What are the areas of trade facilitation services for which demand has increased in recent years or is expected to increase in the coming years?
 8. Is your organisation well equipped for meeting these service requirements?
 9. Do you have representative offices/affiliates in other countries? Please list
 10. How do you access information about import regulations, procedures and standards (and changes in the same) in various destination countries?
 11. How do you disseminate such information among member exporters in India?
 12. How do you get the information regarding problems faced by Indian exporters?
 - through exporters
 - through overseas representative offices
 - through Indian embassies/consulates in respective countries
 13. What is the role of your organisation in helping the exporters in solving their problems?
 14. What is the role of your organisation in administering the export promotion schemes of Govt. of India?
 15. What are the major problems faced by Indian exporters in the sector? (Please rank)
 - Incomplete documentation _____
 - Compliance with inspection requirements _____
 - Rejection of goods _____
 - Delays in clearance _____
 - High cost of compliance with rules and procedures _____
 - Representation/Disputes handling mechanism _____
 - Transit of goods through an intermediate country, _____
if applicable
 - Fulfilment of phyto-sanitary requirements and other health related procedures in the trading countries (if applicable)
 - Any other (Please specify) _____

