

Trading Across Borders

1.

Description of Reform: Central Board of Indirect Taxes and Customs has provided a facility of filing of Advance Bill of Entry (Advance Import Declaration) and started imposing late charges for delayed filing of Bill of Entry

There has been a sharp rise in the adoption of Advance Import Declaration. Earlier, the percentage of cases where Advanced Import Declaration (that are filed prior to arrival of vessel in the port) was only 10%. This year the adoption of Advance Import Declarations has seen a sharp increase as evidenced from ICEGATE system logs. Advance Import Declarations constituted 58.7% (8,663 BE) of the total import declarations (BE) examined in the first week of January, 2018. (ICEGATE system logs capture the time taken from entry inwards of the vessel, to issuance of Out Of Charge (OOC) order. Issuance of OOC order is the last step in the port / customs process, subsequent to which a consignment can proceed to Gate Out from the Terminal.)

Of the 332 import declarations (BEs) pertaining to HS 8708 consignments, the majority (58.1%) had filed Advance import declarations (BEs) with an average release time of 60 hours. This is significantly lower than the estimate for imports recorded by the World Bank in Doing Business Report, 2018. In addition, Indian Customs have made it mandatory to file a Bill of Entry before the end of the next day (excluding holidays) for normal bill of entry (before the grant of entry inward) on which the vessel or aircraft or vehicle carrying the goods arrives at a customs station at which goods are to be cleared for home consumption or warehousing.

A late charge for delayed filing of import declaration has also been prescribed. This has ensured that there is discipline among the trade and thus time associated with imports have reduced.

Impact: The overall reduction in time to import for border compliance on account of advance filing of import declaration.

Date of Entry into Force:

Legal Basis: NA

Advance Bill of Entry / Advance Import Declaration and Mandatory filing of Normal Bill of Entry / Normal Import Declaration - Customs Act, 1962 [Section 46(3)]- <http://www.cbec.gov.in/htdocs-cbec/customs/cs-act/cs-act-ch7-revised>

2.

Description of Reform: Enhanced facilitation through Risk Management System (Facilitated Bill of Entry) by simplification of Risk Management System inspection process resulting in reduced time taken for clearance.

The level of facilitation has been increased during the last year due to which the average release time has reduced. Facilitated Bill of Entry are those import declarations where the level of risk is low and are cleared on the basis of self-assessment by the importer. Such consignments are not subjected to any risk or examination. Non-Facilitated Bill of Entry are those import declarations where the level of risk is high and thus require assessment of documents or examination of goods by Custom officers.

Facilitated- normal import declarations (BEs) which constituted the majority of Auto Products had an average release time of 122 hours during the first week of January as evidenced by the ICEGATE system logs. In addition, as evidence by ICEGATE system logs, facilitated-advanced import declarations (BEs), which represent the second largest category of products, had an average release time of 59.21 hours. Hence, the time taken to import "majority" of HS 8708 products was significantly under the estimate of 267 hours arrived at by the World Bank in Doing Business Report, 2018.

Since the examination is conducted in less than 20% of cases, time and cost involved in examination should not to be taken into consideration in accordance with the methodology adopted by the Doing Business Study.

Impact: Reduction of Time to Import (Border Compliance)

Date of Entry into Force:

Legal Basis: NA

3.

Description of Reform: Reduction in paper documentation through e-Sanchit

The Single Window Interface for Facilitation of Trade (SWIFT) was initiated as part of the “Ease of Doing Business” initiatives to facilitate the Trading Across Borders in India. The objective of the project is to allow importers and exporters a facility to lodge their clearance documents online at a single point without/ with minimal interface with regulatory authorities. One of the key initiative to facilitate online clearance at a single point, is paperless processing application i.e. e-SANCHIT.

e-SANCHIT is an online application that allows a trader to submit all supporting documents for clearance of consignments electronically with digital signatures. By using e-Sanchit, trader does not have to approach to different regulatory agencies with hard copy of the documents thereby making the entire process of consignment clearance faceless and paperless.

After implementing a successful pilot in October, 2017, e-SANCHIT has now been extended and made mandatory in imports from 1st April, 2018 on all Customs EDI locations in the country. Till 12th April, 2018 total number of IRN generated are 770,779. (IRN stands for Image reference number, which is unique to each document.). With e-SANCHIT facility the need for paper documentation and consequent physical touch point for every stage of clearance has drastically come down. It has resulted in substantial reduction in time and cost.

Impact: Reduction in (i) Time to import (Documentary Compliance) (ii) Cost to import (Documentary Compliance) (iii) Time to export (Documentary Compliance) (iv) Cost to export (Documentary Compliance)

Date of Entry into Force: 1st April, 2018

Legal Basis: http://164.100.155.199/pdf/PN-2018/PN_054.pdf

4.

Description of Reform: Phase 1 of a Fourth Container Terminal (FCT) has been inaugurated at JNPT with a capacity of 2,400,000 containers. The terminal has deepest berths enabling it to handle “Mother Ships”. Furthermore, the terminal is able to handle the biggest container ships from a quay length of 1 km, and cranes that can reach 22 rows wide or greater. The

Container Terminal can also handle three container ships at one go with sufficient yard space.

This Terminal has been linked to the dedicated rail freight corridor and is able to receive about 350 containers per rake. The rail facilities are the largest in India with the only on-dock Dedicated Freight Corridor (“DFC”) compliant facility in India, capable of handling 1.5km long, 360 Twenty-foot Equivalent Unit (“TEU”) container trains on completion of the DFC. The facility has a provision for storing 1,600 reefer (refrigerated) containers to handle agricultural and horticulture produce. Thus, the commencement of operations at the 4th terminal offers a great opportunity for the EXIM community to avail of the new facilities. The improved infrastructure is resulting in decline of time to handle the shipment at the border as well as loading time.

Impact:

Date of Entry into Force: 18th February, 2018

Legal Basis:

5.

Description of Reform: Central Board of Indirect Taxes and Customs has implemented Electronic Sealing for Containers by exporters under self-sealing procedure.

In order to strengthen the Risk Management System and create a trust based environment where compliance is in accordance with extant laws, the Board has decided to simplify the procedure relating to factory stuffing under the supervision of the GST (Central Excise) officers.

The e-seal procedure was introduced to replace the earlier practice of Supervised sealing by the departmental officers and to provide for use of e-seals in place of bottle seals by those who were earlier also availing benefit of self-sealing facility. It is a measure by which Customs have shown more faith in exporters stuffing containers at their premises. Introduction of Self-sealing using RFID tamper proof e-seals in place of physical seals used earlier has also reduced the time associated with the clearance of export containers. The data related to e-sealing is transmitted electronically to Customs through application. Till

12th April, 2018, 158,553 number of e-seals have been used by the exporters across the country. Out of these, 52,599 e-seals for self-sealing purposes have been used in Jawaharlal Nehru port.

Impact:

Date of Entry into Force: 30th October, 2017

Legal Basis: <http://www.cbec.gov.in/resources/htdocs-cbec/customs/cs-circulars/cs-circulars-2017/circ41-2017cs.pdf>

6.

Description of Reform: Upgradation of equipment to streamline operations at JNPT

In order to handle the rising number of cargo at JNPT, JNPT has added 15 e-RTGCs (Rubber Tyre Gantry Cars) to improve the operational efficiency within the JNPT premises. The e-RTGCs are highly efficient and capable of continuous operation without a break. The installation of new e-RTGCs would help in quicker handling of cargo at the JNPT

Impact: Reduction in Border Compliance Time due to reduced Dwell Time associated with handling of cargo at the port

Date of Entry into Force: 9th December, 2017

Legal Basis: NA

Mumbai

1.

Description of Reform: Promotion of Direct Port Delivery at JNPT

Direct Port Delivery is a Flagship scheme of Customs to reduce release time and cost. The scheme allows registered importers to complete customs clearances at the terminal premises and proceed directly to the factory of the importer (without proceeding to the Container Freight Station or Inland Container Depot facility). In majority of cases, the importers of auto-components are using DPD facility. The short release time of 59.21 hours, as evidenced by ICEGATE system logs, also evidences the high prevalence of Direct Port Delivery (DPD) among importers of the case study imports who have filed advanced bill of entry. This suggests that majority of the case study imports do not move from the terminal premises to the CFS (which are located both inside and outside the port premises.) Instead, they are subject to customs clearances at the port premises itself where they are issued OOC (Out of Charge) and proceed to gate out from the terminal without moving to the CFS facility.

To further increase DPD coverage, Government has taken several other measures as listed below:

- (i) "Default one-time intimation" was introduced, which will reduce time and provide ease. (Public Notice No 36/2018, dated 09.03.2018)
- (ii) Discontinuing the requirement for physical copies of certain documents (OOC copy, delivery order issued by shipping line, proof of payment of stamp duty), presently being collected by Terminal Operators for DPD delivery from Port Terminal (Public Notice No 138/2017, dated 01.11.2017)
- (iii) Further streamlining the procedure for execution / monitoring of "No Use Bond" in respect of clearance of containers involving NOC from Participating Government Agencies (PGAs) (Public Notice No 156/2017, dated 15.12.2017)
- (iv) "Priority in verification of assessment for DPD importers to assist Port Terminals in early evacuation of containers so as to enhance overall speed and efficiency in clearance of DPD consignments. (Public Notice No 87/2017, dated 30.06.2017)

Impact:

Date of Entry into Force:**Legal Basis:**

Public Notice No 36/2018 - http://164.100.155.199/pdf/PN-2018/PN_036.pdf

Public Notice No 138/2017 - http://164.100.155.199/pdf/PN-2017/PN_138.pdf

Public Notice No 156/2017 - http://164.100.155.199/pdf/PN-2017/PN_156.pdf

Public Notice No 87/2017 - http://164.100.155.199/pdf/PN-2017/PN_NO_87.pdf

2.**Description of Reform:** Promotion of Authorized Economic Operator (AEO) scheme

The AEO programme seeks to provide tangible benefits in the form of faster Customs clearances and simplified Customs procedures to those business entities who offer a high degree of security guarantees in respect of their role in the supply chain. The AEO programme has been revamped in the last year and it has received good response. The numbers of AEOs getting accreditation is increasing and is presently 700. Out of the 700 AEOs, 53 are registered under HS 8708 commodity.

On the basis of 14,973 bills assessed (for all commodities) , through ICEGATE system logs, in the first week of January- the full facilitation level for the AEO import declarations (BEs) was 84.6% which was significantly higher than the average facilitation level of 60.2%. The average release time for AEO import declarations (BEs) for all commodities (including auto components) was 103.06 hours as against the release time of 144.18 hours for all import declarations (BEs).

Combination of AEO, DPD and advance filing of import declarations have significantly reduced the overall cargo release time in imports.

Impact: Reduction in Time to Import (Border Compliance)

Date of Entry into Force: 16th November, 2012

Legal Basis:

List of AEOs: <http://www.cbec.gov.in/htdocs-cbec/AEO-Certified-Entities-22mar18>

Customs Circular on implementation of AEO programme: <http://www.cbec.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2012/circ28-2012-cs>

3.

Description of Reform: Reduction in time and cost related to export by Direct Port Entry (DPE)

Direct Port Entry is a scheme of Customs to reduce release time and cost in case of exports. Under this scheme, export containers are allowed direct entry into the port terminal prior to granting Let export Order(LEO). This scheme was earlier available only in cases of Refrigerated Containers, Over Dimensional Cargo (ODC), Motor Vehicles, Perishable non-refrigerated cargo, AEO Tier-I/II/III status holders etc. Now this facility has been extended to all factory stuffed export containers of all manufacturing entities. Currently the percentage of containers availing DPE facility at JNCH is 76%.

Impact:

Date of Entry into Force: 7th September 2016

Legal Basis:

F. No. 450/25/2009 -Cust -IV <http://www.cbec.gov.in/resources//htdocs-cbec/customs/cs-instructions/cs-instructions-2016/entry-exportcontainers.pdf>

4.

Description of Reform: Government of India has mandated the use of e-Payment, e-Invoice and e-Delivery order by all stakeholders in maritime trade from 2nd of April.

As per order no. PD-14033/37/2017-PD-V, use of e-Payment, e-Invoice and e-Delivery order has been mandated for all the stakeholders (including shipping lines) in maritime trade. In the last one year, the facilities of e-Payment, e-Invoice and e-Delivery order have been incorporated into port community system (PCS), a centralized web based message exchange platform for the entire Indian Maritime Community operated by Indian Ports Association (IPA). The use of these features have drastically reduce the documentary compliance time for the trader and hence, would reduce the overall time taken for import and export.

Impact:

Date of Entry into Force: 2nd April, 2018

Legal Basis: PD-14033/37/2017-PD- <http://ipa.nic.in//showimg.cshtml?ID=883>