

I/951951/2023



Sub: Customs Clearance Facilitation Committee (CCFC) – Minutes of the meeting held on 03.01.2023-Reg.

Meeting of the Customs Clearance Facilitation Committee (CCFC) was held at 04.30 PM on 03 January, 2023 at the Auditorium, 5th Floor, Central Revenue Building, I. S. Press Road Cochin, which was presided over by Smt. Jane K Nathaniel, Chief Commissioner of Central Tax, Central Excise & Customs.

2. The following officers of Customs were present.

S/ Shri./ Smt.

1. P Jaideep, Commissioner, Custom House, Cochin.
2. Anwar Ali. T.P, Addl. Commissioner, CCO.
3. Rajeswari R. Nair, Addl. Commissioner, Custom House, Cochin.
4. P. Senthil Kumar, Jt. Commissioner, Custom House, Cochin.
5. George Joseph, Deputy Commissioner, CCO.
6. Virendra Singh, Superintendent of Customs, CCO.
7. Shankar. G, Inspector (PO), CCO.

The following representatives from trade/various stakeholder organizations were present.

S/Shri./Smt.

1. Dr. Vrushi, AQCS, Cochin.
2. Sabeer Ali A.M., Export Inspection Agency, Kochi.
3. Sijo George, representative of KSAA.
4. V. Veeraraghavan, Manager, GDKL CFS, Vallarpadom.
5. Unnikrishnan. V.S, Manager, MIV CFS.
6. Andrew Antonio Fernandez, Member, CCBA.
7. Baburaj P.K, Chief Environmental Engineer, KSPCB.
8. Dhanya K. N, AO, FSSAI.

3. At the outset, the Additional Commissioner, Shri. Anwar Ali. T. P gave the welcome address and welcomed all the members to the meeting and elaborated the importance and aim of the CCFC meeting: to facilitate trade, to remove bottlenecks and to provide a platform where Queries can be raised by stakeholders.

4. Shri. George Joseph, Dy. Commissioner(CCO) brought to notice of the participants that the average import release time target as per the National Trade Facilitation Action Plan 2020-23 is 48 hours for Sea Cargo, Inland Container Depots and Land Customs Stations and 24 hours for Air Cargo. One of the major findings which emerged from National Time Release Study 2022 is that the time taken in payment of duty after assessment takes the maximum amount of time in the overall release time

I/951951/2023

cycle. The aforementioned issue of high time taken in the payment stage was also discussed during the 6th NCTF meeting, headed by the Cabinet Secretary on 25.08.2022. Accordingly, it was decided in the meeting to analyse the issue in detail and suggest suitable measures for time bound implementation. It was also informed during the above meeting the representatives of the trade have also raised various issues faced by them with suggestions for improved trade facilitation.

5. In view of the above, it was directed to take up the above matters with all the stakeholders involved in Customs clearance in the CCFC Meeting. Thus, the said agenda points were explained for discussion in the meeting. The points/ queries discussed and the replies/ comments received from the trade representatives/ Officer Participants are given below:

a) Issue: On the issue of high payment time at payment stage by importers:

- **The reasons for high time taken for payment of duty after assessment,**
- **Measures to be taken to reduce the time taken by the importers for payment of duty,**

Reply:

CH Reply:

A preliminary study was made by CH Cochin. On the Issue of time taken at payment stage by the importers, i.e. post assessment till the payment of duty:

Sub-section (2) of Section 47 of the Customs Act, 1962 specifies that the importer shall pay the duty on the date of presentation of the BE in the case of self-assessment or within one day (excluding holidays) from the date the bill is returned to him by the proper officer for payment of duty in the case of assessment, reassessment or provisional assessment and in case of deferred payment, as per the rules made for the same. In case the importer fails to pay the duty within the specified time, he has to pay interest at the rate notified by the Central Government, which is fifteen percent at present.

Based on the directions of the Board, the time taken for payment of duty post assessment for consignments imported through the Cochin port was analysed. It was observed that the contribution of 'assessment to payment' component had shown an increasing trend over the past years. The trend in time taken for duty payment may be seen from the following table:

Average % of Bills where payment has been within	FY 2019- 20	FY 2020- 21	FY 2021- 22	FY 2022- 23 (Upto Nov 22)
Same Day	20.91%	22.74%	12.56%	9.65%
2 Days	47.29%	47.02%	31.18%	25.29%
3 Days	56.60%	55.92%	42.92%	34.67%
Average Dwell Time (in days)	8.99	10.84	9.15	8.47
Average time taken from Assessment to Payment (in days)	3.55	3.02	3.79	4.52
% of Average Dwell Time on account of Assessment to Payment Component	39.48%	27.86%	41.42%	53.36%

As seen from the table above, time taken on account of delay in payment of duty accounts for over half of the average dwell time for the current financial year. Yearly average of dwell time is showing downward trend. It would have improved

I/951951/2023

further if the FY2020-21 level had been maintained in terms of time taken for payment of duty. The impact of the delay in payment of duty on the 'dwell time' was brought to the attention of the stakeholders in the CCFC meeting and suggestions for improving this metric were solicited.

The reasons for 'high release time' after Customs formalities do not pertain to the Customs department per se, as it appears to pertain to the post 'Out of Customs Charge' phase. However, an analysis on the dwell time for the last quarter of 2022 revealed an uptick in the dwell time for October 2022. The Bills cleared during this period through the Cochin seaport were analysed to identify the reasons for the same and it was found that spike in Customs component in the dwell time data for October could be attributed to a number of outlier bills. On analysing the outliers and their impact, it was found that there were a total of 91 Bills (out of 1669 bills) which took more than one month in either "registration to OOC" or "filing to assessment" segments. Among the outlier Bills, it was seen that the clearance order in the case of several of them were delayed due to the importers not producing the requisite regulatory documents like a valid EPR registration [under the Plastic Waste Management (Amendment) Rules, 2022], Tea Board Certificate, etc. There were cases where the pre-payment Customs compliance verification was completed and the Bills were pending for about a month as well thus adding to the dwell time. If outliers are removed, the Customs component in dwell time would be consistent with the preceding/succeeding months.

Few suggestions on the steps that may be considered for reduction of 'dwell time' are:

The following time intervals may be deducted while computing the total Dwell time:

- a. Time when the Bill is referred to the importer's queue seeking additional information or documents as part of assessment or as part of requisition of documents mandatorily required (by statute or regulations) for Customs clearance.
- b. Time when the Bill is pending after assessment or after Pre payment Customs Compliance Verification (PPCCV), due to pendency of 'Delivery order' from liner, payment of duty, etc.

In addition to the above the following issues were also highlighted:

- a. It has been noticed that the importer registers the Bill into the Docks queue before the goods are actually ready to be presented for examination. This leads to the impression that the goods are pending for an inordinate time after its registration at Docks with the Customs officers awaiting examination even when they have not been delivered/ readied for examination at the Shed. This may be rectified by introducing a time stamp for the time when the goods are ready for examination, which may be entered by the custodian at Shed to avoid creating the impression that the Bill was pending at the Shed.
- b. In case of Bills requiring clearance from certain PGAs like the FSSAI, etc. it has been noticed that such clearances have to be manually entered by the Asst./Dy. Commissioner Docks and that too only if the particular Bill is kept pending in the 'SUP' queue. The ICES may be modified so that the clearance can be directly given by the PGA at any stage without this requirement.
- c. In ICES 'Out of charge' or PPCCV order cannot be issued without PGA clearance. A provision may be created in ICES to separately account for the time for which each bill was waiting for PGA clearance.
- d. At present there is no provision to separately record cases involving seizure, adjudication, etc. This may be incorporated into the ICES and a mechanism may be created the skewing effect of such consignments on the overall Dwell Time. A

I/951951/2023

provision may also be created to record details of seizure, provisional release of the full or part of the consignment and adjudication details in the ICES.

e. The time in which consignments await a test report or other verification involving a statutory clearance, restriction or prohibition angle, i.e. those that cannot be provisionally assessed, may be separately accounted for and not added to the overall dwell time

CB ASSOCIATION REPLY:

Reasons for delay in payment of duty

a. Ever since the introduction of penalties for late filing of Bills of Entry, the Importers and CBs have shifted to filing prior and Advance BOEs. With the RMS facilitating nearly 80% of the BOEs, the duty is assessed immediately. However as the interest starts only after the entry inward is filed and the BOE is regularised/finalised, the Importers pay the duty only after the BOEs are regularised after Entry of vessel. Thus there is always delay in the payment of duty after assessment. Earlier there have been cases where after payment of duty on prior/advance BOE, they did not get regularised after the filing the entry inward due to many reasons including technical glitches. In such cases the Importer had to refile the BOE and apply refund of duty on the earlier BOE amounting to huge blocking of working capital. So nowadays the duty is paid by the importers only after the BOE is regularised.

b. In case of shipments from nearby countries eg: Srilanka or UAE, the shipment time is short and the original Bills of Lading(OBLs) reach the entry port later, due to which the payment of duty and clearance is delayed as the Importer cannot take delivery without the Liner DO, even if he pays the duty early. During COVID, the system of telex release through BL surrender at the load port as well as issue of Sea waybills became very common and this problem was mitigated to a large extent. However this does not work in the case of small Importers and those imports done through LCs where it is still done in the conventional manner(non-electronically). In such situations, as the importer does not want to block his funds, he would rather pay interest and clear the cargo after the Delivery Order is received from the Shipping Line.

c. Last but not the least is the financial capability of the small importers to pay the duty immediately on vessel arrival.

DELIBERATION ON OTHER MATTERS AS MENTIONED IN ANNEXURE II OF THE MINUTES OF 6TH NCTF MEETING.

b) **Issue:** Authorised Economic Operator (AEO) scheme may be extended and aligned with similar schemes of other countries with whom India has entered into Free Trade Agreements.

Reply: The Trade representatives on the outset replied that they were unaware of schemes similar to AEO in other countries.

c) **Issue:** Shipments of AEOs are being examined on frequent basis and CBIC is requested to look into the matter to accord enhanced facilitation levels to the AEO clients.

Reply: Commissioner of Custom House sought the trade to consider AEO scheme and to look at the benefits it can offer to their supply chain. The representatives from

I/951951/2023

FSSAI stated that facilitation by means of provisional NOC was offered to AEO clients. The representatives requested that enhanced facilitation can be accorded to AEOs by means of awarding provisional release. The representative from Animal Quarantine Department informed the meeting that they are also providing provisional release.

Representative from GDKL raised the issue where AEO LO application was made to Directorate of International Customs, but that the certificate could not be generated. The representative was requested to follow up with the issue and to reach out in case the issue still persisted.

Also, an issue was raised w.r.t a new platform that had been developed for Plant Quarantine and its integration issues with SWIFT due to which, release had to be done manually. There was delays in verifying the authenticity of the certificates manually due to the integration issue. The issue was considered to be looked into in order to integrate the authorised mail id of Plant Quarantine with the Docks mail id.

Issue was also cited in respect of Goods for which Plant Quarantine(PQ) and FSSAI certificates were required, wherein the NOC given by PQ were not available to FSSAI due to integration errors.

In summary, the need to have an end to end Integrated System with minimal manual interventions was unanimously proposed.

- d) Issue: The exercise of PGAs integration in Single Window should not lead to creation of parallel systems by both Customs and PGAs resulting in duplication of efforts/time at the end of traders**

Reply:The issue with respect to integration of systems between Plant Quarantine(PQ) department and SWIFT as discussed earlier. The representative of PQ department informed that the issue has been resolved now.

- e) Query: Publishing of confidential trade data in public domain by companies should be checked and penal provisions may be invoked as per law against the defaulters.**

Reply: The issue was reiterated to trade and also reference was invited to certain provisions available in law, viz. Sec.135AA of the Customs Act, 1962:

*135AA. Protection of data.-- (1) If a person publishes any information, that is furnished to customs by an exporter or importer under this Act, relating to **the value or classification or quantity of goods** entered for export from India, or import into India, along with the identity of the persons involved or in a manner that leads to disclosure of such identity, unless required so to do under any law for the time being in force or by specific authorisation of such exporter or importer, he shall be punishable with imprisonment for a term which may extend to six months, or with fine which may extend to fifty thousand rupees, or with both.*

(2) Nothing contained in this section shall apply to--

(a) any publication made by or on behalf of the Central Government;

(b) data sourced from any publication made by or on behalf of the Central Government for analysis of trends in India's international trade and dissemination thereof.

Explanation.--For the purposes of this section, the expression publishes includes reproducing the information in printed or electronic form and making it available for the public.]

On seeking as to whether there are any other suggestions/proposals to further the cause of confidentiality of trade data, no additions/suggestions were made.

- f) Issue: The frequency of scroll generation of Remission of Duties and Taxes on Exported Products (RODTEP) and Rebate of State and Central Taxes and Levies (ROSC TL) should be increased.**

I/951951/2023

Reply: Commissioner Custom House replied that all drawback SBs were being processed expeditiously for scroll generation at the earliest to meet the T+3 criteria. The frequency of generation of scrolls for Drawback has been increased to daily on all working days, from September 2022 onwards. The timing of scroll generation has been shifted from morning to evening, to ensure that all the SBs processed on the day gets included in the same day's scroll for drawback, IGST refund and RoDTEP/RoSCTL. In some cases, there were delays in DB disbursement due to EGM errors. In the case of SBs not getting scrolled out due to PFMS error, exporters were being sensitized on the issue and Public Notices were also being issued on the subject. The efforts taken by the office of the Commissioner of Custom House to expedite the early payment of drawback, since September, 2022, had produced impressive result from a low of 12.37% in the Month of May, consistently performance improved to 92% in November 2022 for Drawback issued in T+7 days. The trade also agreed to the notable improvement in Drawback Disbursement and move towards the designated target of T+3 days.

g) Issue: There is inordinate delay in uploading shipping bills for exporters at Land Customs Stations.

Reply: No such issues in this location.

h) Issue: Create a paperless and faceless trading ecosystem and strengthen the effectiveness of the online grievance redressal mechanism for trade facilitation related matters.

Reply: Commissioner, Custom House explained that under the Faceless Assessment regime, the Board has provided for an Anonymized Escalation Mechanism for ICEGATE registered users where they can submit their grievance for delay in Bill of Entry clearance. Grievance can be logged for delay in Bill of Entry clearance if the below criterias are met,

- (a) There should be a minimum 24 hours gap after filing of BE for the registration of grievance request
- (b) Grievance can be logged for Bill of Entries in which IGM number and date has been mentioned.

The issue of grievance redressal is apparently taken care of by means of the same. No other suggestions were made by Trade in this matter.

i) Issue: All the PGAs should set defined timelines for clearances of goods/issuance of NOC.

Reply: Representatives from FSSAI and Animal Quarantine concurred that there were set minimum time periods with respect to various procedures. The FSSAI representative cited an example where in the case of FSSAI, testing of products requiring microbiological testing takes 5 days and for non –microbiological testing, atleast 3 days are required. These are minimum time limits to be adhered to in order to account for the various processes involved in the testing process like enrichment, pre-enrichment etc. Even in the case of Plant Quarantine, if there is an infestation, there is a wait time of atleast 24 hours.

FSSAI Representative to quote an instance cited directions from FSSAI order dated 12.07.2022 wherein time limits have been prescribed to the Officers. Para 2 of the Order states:

“(i) Domestic Regulatory sample: the Food Analyst shall issue the signed report within 14 days of the receipt of the article of food for analysis as per the format specified under FSS (Laboratory and Sampling Analysis) Regulation, 2011. Provided that, in case the sample cannot be analyzed within 14 days of its receipt, the Food Analyst shall inform the Designated Officer and the Commissioner of Food Safety giving reasons and specifying the time to be taken for analysis. Further, in case of appeal, Referral laboratory shall issue the report signed by the Director within 14 working days of receipt of sample as per the format specified under FSS (Laboratory

I/951951/2023

and Sampling Analysis) Regulation, 2011. Provided that, in case the sample cannot be analysed within 14 working days of its receipt, the Referral laboratory shall inform the Designated Officer and the Commissioner of Food Safety giving reasons and specifying the time to be taken for analysis.

*(ii) Import: Notified laboratory or Referral laboratory, as the case may be, shall provide the laboratory analysis report as per the format specified under FSS (Import) Regulations, 2017 **within five days** from the date of receipt of the sample. If the sample cannot be tested by the laboratory within the specified time, it shall state the reasons for the same in writing to the Authorised Officer.”*

The representatives stated that necessary steps were taken on their side to adhere to time periods and to reduce delays in testing.

j) Issue: Uniformity should be brought in Customs procedures at different ports.

Reply: In the faceless assessment regime, this is already being ensured to the possible extent by the FAG and the PAGs. Uniform practices are being followed by the NACs. The Trade representatives had a complaint that there was uniformity but that examination orders were made at random leading to destuffing and checking for concealment. The Commissioner, Custom House assured that such checks and balances were necessary wherever the need arose.

Also, issues were cited to delay in testing and test bonds. The concept of utilising previous test reports wherever possible to curb the delay was suggested. A representative also raised an issue with import of Glass for which ADD was paid and still testing was sought. The issue was assured to be looked into.

k) Issue: Standardised examination order should be issued to field formations by CBIC.

Reply: It was explained that this is also being implemented across India.

l) Issue: Re-examine and review the current provisions related to rejection of AEO applications / renewals based on 'current assets' and 'Show Cause Notice invoking limitation'.

Reply: Rejection of AEO applications at the SCN stage even before issuance of Adjudication Order did not draw much support.

m) Issue: Difficulties are faced by trade due to difference in use of Harmonised System of Nomenclature (HSN) code between the Customs and GST regime.

Reply: There were issues with respect of certain products like Coir etc in the past that are currently resolved. The trade replied that there were not any issues being faced currently.

n) Issue: The process of issuance of Certificates of Origin should be fully digitised to overcome the signature mismatch issue in the manual process.

Reply: The trade in concurrence replied that only few other countries were accepting manual signature in COO and that it was mostly digital presently. Also, for exports from India, it was fully digital but for imports into India, it is mostly manual as on date. DGFT has developed a platform to issue CoO for all Export agencies and the certificates so issued are digital. Thus, it was felt that the requirement to digitise CoOs arises only with respect to imports.

o) Issue: BIS standards are not accessible digitally to Customs for adherence by exporters.

Reply: NIL.

p) Issue: Efforts should be made to reduce cost of doing business and minor offences should be decriminalized.

Reply: NIL.

I/951951/2023

q) **Issue:** Scope of the RoDTEP scheme should be reviewed to include more sectors and the rates of RoDTEP should be reviewed.

Reply: NIL.

r) **Issue:** Data privacy and data sharing laws should be strictly implemented to maintain industry competitiveness.

Reply: Discussions for Point (e) above would hold good for this issue also.

s) **Issue:** The PGAs should accord enhanced facilitation to the AEO clients in order to reduce the average release time of cargo.

Reply: NIL.

t) **Issue:** Currently the cargo handling, shipping and logistics cost is very high in India which needs to be regulated by the Ministry of Port, Shipping and Waterways to reduce the overall cost of doing Business and make Indian exports globally competitive.

Reply: There are various costs involved such as for Cargo Handling, Shipping Cost etc. Representatives from Shipping Industry claimed that there was transparency in the costs and that most Shipping lines had websites where those prices were being quoted and the charges vary from Line to Line. Also, there are Terminal Handling charges that differ with each port of Loading.

On a similar note, FSSAI representative recorded that there was a new online inspection system in the pipeline for Visual inspection and online sample testing with proposal for rationalisation of testing charges, which would bring down the costs with respect to FSSAI testing.

u) **Issue:** Bring more transparency regarding charges levied by shipping lines by creating a common dashboard.

Reply: There is already transparency as claimed by the representatives wherein the prices are already quoted in the respective websites.

6. Since no other points came up for discussion, the Chair concluded the meeting by thanking the members. The date for next meeting of the Customs Clearance Facilitation Committee will be intimated to the members through their official/personal e-mail ids and also will be published in Custom House website www.cochincustoms.nic.in. Points for discussion/enquiries, if any, may be submitted to the designated Nodal Officers viz., Shri. Anwar Ali. T. P, Additional Commissioner, Chief Commissioner's Office, Shri P. Senthil Kumar, Jt. Commissioner of Customs, Custom House, Cochin and Shri. Vasanthagesan M, Addl. Commissioner, Customs (Prev), Cochin well in advance.

7. This is issued with approval of Chief Commissioner.

(Anwar Ali. T.P)
Addl. Commissioner (CCO)

Issued to:

1. The Commissioner of Customs, Custom House, Cochin,
2. The Commissioner of Customs, Customs (Prev.), Cochin,
3. The Additional Director General, Directorate of Tax Payer Services, Bangalore Zonal Unit, 4th Floor, TTMC Building, Above BMTB Bus Stand, Domlur, Bangalore-560071.

Copy to:

I/951951/2023

1. The Superintendent, EDI, Custom House, Cochin for uploading in the website of Office of the Commissioner of Customs, Custom House, Cochin.
2. The Superintendent (Systems), Chief Commissioner's office, C.R. Building, I.S. Press Road, Ernakulam-18 - for uploading in the website of Office of the Chief Commissioner of Central Tax, C.Excise & Customs, Thiruvananthapuram Zone.