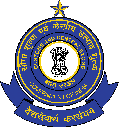
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**TIME RELEASE STUDY**

**NOVEMBER, 2018**

**CUSTOM HOUSE, KANDLA**

**Foreword**

*Kandla Customs has conducted its first ever Time Release Study (TRS) covering the period from 26.11.2018 to 01.12.2018. This TRS will serve to inform trade, Customs and Partner Government Agencies (PGA) on where we stand at present in respect of cargo release times and what needs to be done to improve dwell time adhering to the stated objectives of the National Trade Facilitation Action Plan. It is not only Customs and PGA’s who have to improve their systems and processes but also trade which has to take greater initiatives in ensuring that they avail the existing trade facilitation measures of AEO and DPD as well as to file Bills of Entries in advance, pay duties quickly and register their goods for examination after assessment without delay.*

*The Team of officers of Kandla Customs lead by Shri Yatish G. Patil, Deputy Commissioner, done very good work in bringing out this TRS.*

*-Sd-*

*Sanjay Kumar Agarwal*

*Principal Commissioner of Customs*

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1. **T E A M**

* Shri Sanjay Kumar Agarwal, Principal Commissioner*,*
* Shri Ajay Kumar, Additional Commissioner,
* Shri Milan Kumar Singh, Joint Commissioner,
* Shri Yatish G. Patil, Deputy Commissioner,
* Shri Kiran Mohan, Deputy Commissioner,
* Shri Anil Kumar Moria, Assistant Commissioner,
* Shri Dhanajay Kumar, Superintendent,
* Shri A.K. Mudaliar, Superintendent,
* Shri G.S. Chholok, Superintendent (Export),
* Shri Suresh Chand Meena, Superintendent (Export)
* Shri Rajeev Prakash, Inspector,
* Shri Amrendra Kumar, Inspector,
* Shri Chandan Kumar, Inspector,
* Shri Bharat Kumar K. Chauhan, Inspector

**DEENDAYAL PORT, KANDLA - TIME RELEASE STUDY – NOVEMBER’ 2018**

**2.1 SUMMARY:**

This study presents the findings of the Time Release Study (TRS) 2018 conducted at Kandla Commissionerate in respect of both import and export cargo, for which Bills of Entry and Shipping Bills were filed during 26th November-2018 to 1st December-2018.

The study has accessed various data sources, including Customs, Port Terminal, Container Freight Stations (CFS) and survey based live tracking of Bills of Entry and Shipping Bills. TRS 2018 is an in house effort, involving officers of Kandla Custom House aimed at developing capacity building for future study.

**2.2 IMPORT:**

The sample period for the study was the last week of November i.e. 26th November, 2018 to 01st December, 2018.

The study covered all the Bills of entry filed during the sample period viz. 26th November, 2018 to 1st December, 2018. The total number of 897 Bills of Entry filed during the sample period was studied and tracked till 31st December, 2018, when the data was frozen for analysis.

In sample period 54 Bills of Entry ranging 6.02% were remained to get out of charge i.e. as on 31st December, 2018 i.e. beyond 30 days of filing Bills of Entry and they were excluded for study. The study presents a many folded disaggregated and stratified release data for different categories of Bills of Entry, preferred clients such as Authorized Economic Operator (AEO), Direct Port Delivery (DPD), selected commodities and certain time-intensive sub-processes to highlight the areas of success and concern.

The Bill of Entry with minimum release time of 5.09 hours was characterized by features that must be a core of drive to reach National Trade Facilitation Action Plan (NTFAP) target of 72 hours. These are (a) higher share of Advance Bills of Entry, (b) greater facilitation, (c) more AEO/ACP enrolment, (d) higher DPD clearances.

The overall facilitation with no examination was 76.25% with 684 numbers of Bills of Entry on account of implementation of Risk Management System (RMS).

The Kandla Port handing majority of Bulk cargo with the recent implementation of Direct to Port Delivery (DPD) facility, however no importer has availed this facility during the sample period.

The facilitation level during the study period to the importers is as under:

(a) Extended Facilitation, with no assessment and examination was 66.22% with 594 Bills of Entry

(b) normal facilitation, with only assessment viz. without examination was 10.03% with 90 Bills of Entry

(c) without facilitation viz. second check with assessment was 13.38% with 120 Bills of Entry

(d) the importer preferred first check was 10.36% with 93 Bills of Entry.

For increase in facilitation department would make efforts in the direction by encouraging importers to apply for AEO status.

**2.3 EXPORT:**

The Export release time has been calculated from filing of the Shipping Bill to Customs Let Export Order. Total 139 Shipping Bills were filed during the TRS period from 26th November, 2018 to 1st December, 2018. Out of them 26 shipping bills had purged, one Shipping Bill was cancelled and 48 shipping bills were RMS processed. The Time Release Study was conducted in respect of the Shipping Bills where Let Export Order was issued. The average export release time during the period of TRS is 73.00 hours or 3.04 days.

**OBJECTIVES AND METHODOLOGY**

**3.1 INTRODUCTION:**

National Trade Facilitation Plan (NTFAP) has sent a goal of reducing the average release time for import goods to within three days (72 hours) for sea cargo and within two days (48 hours) for air cargo and Inland Container Depots (ICD)/Container Freight Station (CFS) and on the same day (24 hours) for land Customs Stations.

Presently, Trade facilitation and enforcement effectively go hand in hand. It is thus important to include technology augmentation and integrated Risk Management System as effective strategies. Determined engagement between the regulatory agencies and trade with trust based approach is a step in this direction. Further simplification of procedures, easy access to all trade related information, use of technology and increase in infrastructure would achieve in augmentation of intended goal of ease of doing business.

Objectives of Time Release Study (TRS)

* + - * + Spreading awareness about time release among all stakeholders and their role in its reduction. This was the primary motivation for conducting ‘live’ TRS
        + Measuring distance to National Trade Facilitation Action Plan target of release time of three days for import of sea cargo and two days for export of sea cargo
        + Identifying category of Bills of Entry, commodities and sub-processes that are relatively more time-consuming, with a view to suggest measures to improve time releases relating thereto
        + Improving coordinated border management by seeking to approximate release time associated with different prominent agencies
        + Assessing impact of statutory and administrative changes on trade behavior over time and identify reasons for non-compliance through sample survey among outliers
        + Capacity building by involving incumbent officers.

**3.2 METHODOLOGY:**

This study has expanded the data source to include data obtained from ICES, Port Terminal Operating System, CFS and Special purpose surveys including live tracking of Bills of Entry.

**3.3 CATEGORIZATION:**

This is a study of stratified sample of cargo categorized on the basis of Bills of Entry, wherein a single Bill of Entry may cover more than one container or goods covered by more than one Bill of Entry stuffed in one container (LCL cargo). The average release time for all Bills of Entry has been calculated for the Facilitated and Non-Facilitated Bills of Entry. The release time for Advance and Normal Bills of Entry has been separately calculated under the sub-heading Facilitated/Non-Facilitated. The methodologies to calculate release time for these categories of Bills of Entry are different.

**3.4 DEFINITION OF RELEASE TIME:**

The Release Time is defined as the time taken from the grant of Entry Inward to grant of out of charge by Customs in respect of both, Normal Bills of Entry, wherein the Bill of Entry is filed after grant of Entry Inward, as well as Advance Bills of Entry, wherein the Bill of Entry is filed before the grant of Entry Inward.

**3.5 STUDYING THE SUB-PROCESSES:**

The time lines for various sub-processes are available in the Indian Customs EDI Systems (ICES) and they have been collated to quantify the time taken in different sub-processes.

**3.6 STUDYING IMPACT OF MAJOR STATUTORY AND ADMINISTRATIVE CHANGES:**

The result of this TRS has been studied to highlight the impact of certain changes:

* + - * time of filing of Bills of Entry
      * utilization of DPD (Direct Port Delivery) facility
      * utilization of DPE (Direct Port Entry) facility
      * utilization of AEO facility
      * utilization of Advance filing of Bills of Entry facility

**4. IMPORT PROCEDURE**

**4.1 NORMAL PROCESS OF BILL OF ENTRY**

The standard import clearance process can be largely categorized into various stages commencing with filing of Import General Manifest (IGM) by the shipping lines. It is followed by electronic submission of Bills of Entry. The Bills of Entry which are files after grant of Entry Inwards of the vessels are known as Normal Bills of Entry.

ROLE OF CUSTOMS

ROLE OF

Shipping Line/ Importer / Customs Broker

Entry Inward

Filing of BE

Assessment

Duty Payment

Goods Registration

Examination

Out of Charge

**4.2 ADVANCE/PRIOR FILING OF BILL OF ENTRY**

Further, the facility for filing Bills of Entry within thirty days of expected arrival of the vessel. These Bills of Entry, which are filed before the grant of Entry Inward, are called Advance/Prior Bills of Entry. Filing of Advance/Prior Bills of Entry enables initiation and processing of documents even before the arrival of the goods, thereby resulting in the reduction of the release time.

ROLE OF

Shipping Line/ Importer / Customs Broker

ROLE OF CUSTOMS

Filing of BE

Assessment

Duty Payment

Entry Inward

Goods Registration

Examination

Out of Charge

Considering the importance of early filing of Bills of Entry in reduction of release time, the provisions of Section 46 of the Customs Act, 1962 were amended vide Finance Act, 2017 to prescribe that the importer shall file a Bill of Entry before the end of the next day following the day (excluding holidays) on which the vessel carrying the goods arrived at Customs station.

The law also provides for imposition of charge for late filing of Bill of Entry without sufficient cause for such delay. This TRS seeks to study the impact of the aforesaid amendment in the provisions relating to filing of Bills of Entry by comparing the present data with that of 2017.

Self-assessed Bill of Entry submitted by submission by importer are routed through the automated Risk Management Systems (RMS). Based on curtained fixed criteria pre-loaded at RMS system, the RMS decides whether Bills of Entry will be facilitated viz. the declaration of the importer merit acceptance or it need intervention and further verification by the Group officers and examination by the Docks officers. In case where, the Bills of Entry are facilitated by RMS, the importer proceeds to make the duty payment and thereafter register the goods for subsequent out of charge. These Bills of Entry are called facilitated Bills of Entry.

Risk Management System has four way of target to select each Bill of Entry in the following categories.

1. No Assessment & no Examination
2. Assessment & no Examination
3. Assessment & Examination
4. First Check

Where the system facilitates the bill of entry, the bills of entry directly moves to duty payment module and on payment of duty by the importer, the systems allows him to register the goods with Customs and on registering the goods, the Bill of Entry directly moves to clearance/out of charge by dock officers. It also reveals that certain facilitated Bills of Entry belongs to importers who are not eligible for AEO/DPD and certain Bills of Entry of AEO/DPD importers also not facilitated.

Those Bills of Entry selected assessment only, the bills of entry are assessed by the respective group to which it belongs, and thereafter the goods are taken for registration after payment of appropriate Customs duty, as assessed. After carrying out final inspection of documents, the subject goods are allowed for clearances i.e. out of charge by dock officers.

The another scenario, where a bill of entry is selected for both assessment and examination. In this case on filing bill of entry, the system marks the bill of entry to the group to which it pertains. The Assessing Group assess and verify the self-declaration made by the importer in view of classification/valuation and other aspects. Upon assessment, the bill of entry moves to duty payment and thereafter for goods registration. Then the registered goods get examined and finding it as per declaration, the bill of entry will be given out of charge by the dock officers. These bills of entry are also called as second check.

**4.3 FIRST CHECK BILLS OF ENTRY:**

There are certain categories of cargo, namely, 2nd hand machinery, certain chemicals, textiles, food items, drugs, highly sensitive items (designated as those which are prone to mis-declaration and evasion) which undergo a procedure called 1st Check. As the name suggest the goods are first examined by the Dock officer and based on his report and certain other parameters like test reports, certificates etc. the goods are assessed by the respective Assessing Groups. After assessment, Customs duties are paid and the goods are given out of charge by the dock officer. These Bills of Entry are called 1st Check Bills of Entry. First Check Bills of Entry have been kept out of purview in determining the average release time as these are rare cases where examination is carried out first.

It is seen that in 93 cases, wherein the importer on filing Bills of Entry has opted for first check for a reason that the goods required to be either chemically examined before clearances or required to be provisionally assessed for one or other reasons. To avoid the possibility of assessment of the said Bills of Entry directly through RMS, the importer on filing the Bills of Entry opted for First Check. In these 90 cases, the System has not facilitated the Bills of Entry. The assessing officer after assessing and ordered for testing for conformity as regards to CTH and FSSAI requirement as the case may be has denied the first check request of the importer.

A separate analysis has been carried out to determine the release time in such First Check cases, and out of 93 request of importer only 3 Bills of Entry were given for first check assessment by the group officers. The time release for the said three Bills of Entry found to be 353.09 hours (more than 14 Days).

Customs clearances also includes enforcement of various allied acts which determine the importability of certain goods. The role of partner government agencies (PGA) in the clearances of such cargo is crucial. CBEC has introduced single window system to bring six PGAs in one single platform for providing single documentation facility as well as common risk management system.

In compliance with certain other allied laws, different procedures are prescribed, with ultimate responsibility of ensuring their compliance with the customs officers. Clearance for such goods can be under facilitated as well as second or first check, depending on the conditions imposed on their importability and their assigned risk profile. The release time of such cargo is expected to be considerably longer as compared to cargo where no such restriction are imposed. The PGAs are Textile Committee, Animal Quarantine Certification (AQC), PPQ, etc.

**4.4 THE EXCLUDED BILLS OF ENTRY:**

During the study period, 897 Bills of Entry were filed. Of these, 54 Bills of Entry accounting for 6.02% of the total Bills of Entry filed were excluded for the purpose of calculation of the average release time.

The reasons for exclusion are either Bills of Entry were not registered for Customs examination by Importers or Bills of Entry were not granted Out of Charge within 30 days of unloading or Bill of Entry are pending for payment of duty by the importer. And, in five cases for import of n-Butanol the assessment was done after 30 days for the reason that the case was under investigation by the SIIB, Custom House, Kandla.

1. **ANALYSIS OF IMPORT DATA- CATEGORISATION BY BILLS OF ENTRY**

**5.1 ALL-IN-ONE: CONSOLIDATED DATA FOR ALL BILLS OF ENTRY:**

The National Trade Facilitation Action Plan (2017-20) published by National Committee on Trade Facilitation (NCTF) envisages bringing down the overall import cargo average release time to 72 hours for sea cargo. The overall release time for 843 Bills of Entry (excluding 54 Bills of Entry not cleared beyond 30 days) for the sample period of last week of November, 2018 covered by this TRS has is hours (Days).

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Release time in Days | Total | Same Day | 1 - 4 days | 5-9 days | 10-14 days | 15 to 19 days | 20 to 24 days | 25 to 30 days | Pending beyond 30 days |
| No. of BEs | 897 | 167 | 549 | 64 | 21 | 19 | 16 | 7 | 54 |

**5.2 FASTEST BILL OF ENTRY DURING THE SAMPLE PERIOD:**

The study identified the Bill of Entry that was cleared during the study period with the minimum release time. The Normal Bill of Entry No. 9059098 dated 30.11.2018, was filed by M/s. Hindustan Petroleum Corporation Limited (AEO), which was cleared as a facilitated Bill of Entry, with no assessment or examination, had an impressive release time of 5.15 hours only. The Share of Customs remains 0.05 hrs. i.e. only 5 minutes.

The fastest Bill of Entry was characterized by the three essential features namely

* + - * + RMS facilitation of the Bill of Entry
        + Clearance of goods under AEO/DPD scheme

The release time in respect of these categories of Bills of Entry are discussed in the following sub-sections.

STAGE WISE TIME ANALYSIS FOR THE FASTEST BILL OF ENTRY

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Stage Wise Time Analysis for the Fastest BE | | | | | | | |
| Sr. No | Stages | Stakeholders | In Hours | | % | |
| 01 | Filing of BE to Assessment | Customs | 00.02 | | 0.42 | |
| 02. | Assessment to Payment of Duty | Importer / Custom Broker | 04.45 | | 93.68 | |
| 03. | Payment of Duty to Registration | Importer / Custom Broker | 00.22 | | 4.63 | |
| 04. | Registration to Out of Charge | Customs | 00.06 | | 1.27 | |
| Release Time | | | | 05.15 | | 100% | |

Share of time taken by Customs in the total release time = 1.69 %

**5.3 ADVANCE BILLS OF ENTRY**

Filing of Advance Bills of Entry enables the processing of documents before the arrival of cargo, thereby saving the time in its release after arrival at Customs Port. The share of Advance Bills of Entry is 91 during the sample period of November, 2018 out of 250 Bills of Entry (647 x-bond bills of Entry excluded for this study) filed during the period.

|  |  |  |
| --- | --- | --- |
| ADVANCE BILL OF ENTRY | NORMAL BILL OF ENTRY | TOTAL BILL OF ENTRY (X-BOND BILLS OF ENTRY EXCLUDED FOR THE STUDY) |
| 91 | 159 | 250 |

**5.4 FACILITATED vs NON FACILITATED BILLS OF ENTRY:**

The role of Customs has now been changed to facilitator rather regulator. Increasing the level of facilitation has been one of the objectives of the Risk Management System of CBIC. There are different grades of facilitation provided under the RMS, with the lowest risk category being cleared on the basis of self-assessment by the importer, without subjecting the cargo to either assessment or examination. Those Bills of Entry selected by RMS for assessment but not for examination are also treated as facilitated. The level of facilitation has been noticed at 76.25% with 684 Bills of Entry (for both no assessment & no examination - 594 BEs and no examination - 90 BEs criteria)

|  |  |  |  |
| --- | --- | --- | --- |
| FACILITATED BILLS OF ENTRY | | NON-FACILITED BILLS OF ENTRY | FIRST CHECK |
| NO ASSESSMENT &  NO EXAMINATION | NO EXAMINATION |
| 594 | 90 | 120 | 93 |

Total No. of Facilitated Bills of Entry: 684 (76.25%)

Total No. of Non-Facilitated Bills of Entry: 213 (23.75%)

**5.5** **FACILATED BILLS OF ENTRY (AEO vs. NON-AEO)**

During the period under study 897 Bills of Entry were filed and 684 Bills of Entry were facilitated by RMS, either by no assessment & no examination or only assessment. Out of 684 Bills of Entry facilitated 414 Bills of Entry are pertaining to AEO/ACP clients Bills of Entry.

Out of 476 Bills of Entry filed by 157 ACP/AEO Clients, 414 Bills of Entry were facilitated and 19 Bills of Entry were opted for first check by the importer on filing Bill of Entry. The rate of RMS facilitation in case of ACP/AEO Clients is [(414+19)/476] 91%.

Out of 421 Bills of Entry filed by Non-ACP/Non-AEO Clients, 270 Bills of Entry were facilitated and 74 Bills of Entry were opted for first check by the importer on filing Bill of Entry. The rate of RMS facilitation in case of Non-ACP/Non-AEO Clients is [(270+74)/421] 82%.

|  |  |
| --- | --- |
| Bills of Entry Facilitated | 684 |
| AEO Client | 414 |
| Non-AEO Client | 270 |

**5.6 STATUS OF ANALYSIS**

**5.6.1 FACILIATED BILL OF ENTRY (73 BEs)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Stage Wise Time Analysis for the Fastest BE | | | | | | | |
| Sr. No | Stages | Stakeholders | In Hours | | % | |
| 01 | Filing of BE to Assessment | Customs | 0.04 | | 0.07 | |
| 02. | Assessment to Payment of Duty | Importer / Custom Broker | 12.28 | | 20.30 | |
| 03. | Payment of Duty to Registration | Importer / Custom Broker | 36.72 | | 60.71 | |
| 04. | Registration to Out of Charge | Customs | 11.44 | | 18.92 | |
| Release Time | | | | 60.48 | | 100 | |

Share of time taken by Customs in the total release time = 19% or 11.48 hours

**5.6.2 NON-FACILIATED BILL OF ENTRY (136 BEs)**

|  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- |
| Stage Wise Time Analysis for the Fastest BE | | | | | | | |
| Sr. No | Stages | Stakeholders | In Hours | | % | |
| 01 | Filing of BE to Assessment | Customs | 36.27 | | 24.31 | |
| 02. | Assessment to Payment of Duty | Importer / Custom Broker | 72.23 | | 48.41 | |
| 03. | Payment of Duty to Registration | Importer / Custom Broker | 34.81 | | 23.33 | |
| 04. | Registration to Out of Charge | Customs | 5.91 | | 3.96 | |
| Release Time | | | | 149.22 | | 100 | |

Share of time taken by Customs in the total release time 28.27% or 42.18 hours

* 1. **THE ROLE OF PARTNER GOVERNMENT AGENCIES:**

The role of Partner Government Agencies (PGA) in the clearance of import cargo is crucial. CBIC has introduced SWIFT to bring all PGAs on one platform for providing single documentation facility as well as common Risk Management System. However, considering certain allied norms, different procedures are prescribed with ultimate responsibility of ensuring their compliance on Customs. Clearance for such goods can be under both facilitated as well as second or first check, depending on the conditions imposed on their importability and risk profile. The release time of such cargo is expected to be considerably longer in comparison to cargo which does not require no objection certificate from respective PGA. The impact on release time of cargo in cases requiring NOC from PGAs has been studied and the findings are as below:

**5.7.1 Food Safety and Standards Authority of India (FSSAI):**

The following salient points need to be highlighted: a. the release time in respect of FSSAI is significantly higher b. FSSAI has a significant footprint in Customs clearing process, with diverse commodity profile c. NOC was not given in SWIFT by FSSAI in all the cases and they provided hard copy of NOC instead. The CB produces the NOC to Assistant Commissioner (Dock/CFS) for entry in the ICES after verification of the NOC from FSSAI website. The entire process takes almost two days

**5.7.2 Plant Quarantine (PQ):**

During the sample period, no Bills of Entry were referred to PQ purpose.

1. **EXPORT TIME RELEASE**

**6.1 INTRODUCTION**

The importance of minimizing release time for export cargo is as important as for import cargo. The National Trade Facilitation Action Plan envisages regular Time Release Study for export cargo through seaports and other custom formations. The Action Plan has set the release time target for export of sea cargo to be within two days (48 hours). In order to benchmark the current performance of Kandla Custom House against the said target, TRS 2018 has included the first export time release study for Kandla Custom House. This study has been conducted to quantify the export release time by adopting a methodology that relies on real time data obtained through representative sample study.

The export TRS has attempted to cover all the shipping bills filed during the study period, viz. 26th November-2018 to 1st December-2018, based on the time stamps available in the customs system. The main conclusions are drawn from the sample study conducted with the active involvement of exporters/customs brokers in respect of certain shipping bills filed during the sample period. The study also aimed at highlighting the impact of various measures taken by Kandla Custom House to minimise export release time.

**6.2 SCOPE & METHODOLOGY**

The study attempted to analyse the data obtained from the time stamps available in the customs system for the sample period. The data obtained from the customs system shows that 139 shipping bills were filed during the study period of seven days from 26th November-2018 to 1st December-2018. Further, after ignoring the purged/cancelled shipping bills during the relevant period, the net sample count comes to 112.

The export release time, for the sample study, is defined as the cumulative time taken for the export of cargo, starting with the time when export goods are stuffed in the container (either self-sealed or supervised stuffing) till the sailing of the vessel on which the cargo is loaded. It includes the time taken by the exporter or customs or any other stakeholder at various stages of export. This release time is defined as gross export release time to distinguish the same from net export release time, arrived at by deducting the domestic transport time from the factory premises to CFS.

The study presents the time taken at different stages of export, including sub-aggregation of certain stages, as mentioned below:

1. Time taken from filing of shipping bill till registration of goods
2. Time taken from registration to Let Export Order (LEO),
3. Total time taken from CFS to terminal gate,
4. Time taken at the terminal gate,
5. Time from arrival inside the terminal to loading on the vessel,
6. Time from loading of container on the ship to departure of the vessel.

The export release time from filing of Shipping Bill to grant of LEO for all shipping bills undertaken during sample study comes out to be 73.00 hours.

**6.3 EXPORT PROCEDURE:**

The export procedure is a multi-stage, multi-stakeholder process. It can be viewed to start with the physical process of movement of goods from the exporters’ premises or with filing of the shipping bill. The flow chart representing a stylised export process is given below:

|  |  |  |
| --- | --- | --- |
| Process for Export of Factory Stuffed Cargo | | |
| Exporter | Customs | Port authority |
|  | | |

**6.4 Salient features of the Export:**

For clearance of export goods, the exporter or his agent has to obtain an Importer- Export Code (IEC) from the DGFT prior to filing of Shipping Bill. Under the EDI System, IEC number is received online by the Customs System from the DGFT. The exporter is also required to register Authorized Foreign Exchange Dealer Code (through which export proceeds are to be realised) and open a current account in the designated bank for credit of export incentives, if any. Further, all the exporters intending to export under the export promotion scheme need to get their licences etc. registered at Kandla CH, which requires, inter alia, presentation of relevant original documents and submission of bond and furnishing of security / surety.

* 1. **Stuffing & Sealing (Including e- sealing)**

At Kandla Port with its CFS-based model with Direct Port Entry (DPE) facility, the export procedure is as under:

**6.5.1 For Factory Stuffed Containers:**

1. The e-seals are affixed at the premises of the exporter, who himself files the shipping bills in the electronic form. RFID e-seal based self-sealing procedure has been introduced as a measure of export facilitation. The detailed procedure for electronic sealing for containers by exporters under self-sealing has been prescribed by CBEC Circular No 26/2017 and 36/2017.
2. The goods brought for the purpose of export are allowed directly into port. After verification of container number, seal number and integrity of seal, when the goods are presented for registration to customs, RMS indicates whether or not to examine the goods. If goods are not required to be examined, LEO is given and the container is ready for being loaded onto the vessel with no further checks.

**6.5.2 For CFS Stuffed Cargo**

In case of FCL/LCL cargo, the stuffing of container at CFS is done under customs supervision. After the LEO is given, the container is moved to the port terminal by the concerned CFS.

**6.5.3 Direct Port Entry (DPE)**

“Direct Port Entry” (DPE) for export cargo is a facility similar to the “Direct Port Delivery” (DPD) for the import cargo. The DPE facility has been extended to exporters as part of the initiative to provide ease in doing business through reduction in transaction time and cost.

**6.6 ANALYSIS OF EXPORT DATA**

For the purpose of study only Net export release time has been taken into account. The time taken from the factory/place of export to the CFS has been ignored because variety of reasons such as significant domestic transport time, which would be dependent upon the distance of the factory from the port.

The study also expected that the net export release time would better reflect the priority accorded to document processing and grant of LEO.

The stage wise analysis for the various shipping bills is presented in the table below :

**Stage – Wise analysis of Shipping Bill**

**Table – A: Factory Stuffed shipping bills**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S.No | Factory Stuffed Shipping bills | Stakeholder | Average Time taken (In hours) | % Time Taken |
| 1 | | SB filing to Registration | Customs Broker | 60.06 | 81.15 |
| 2 | | Registration to Examination | Customs | 2.15 | 2.90 |
| 3 | | Examination to LEO | Customs | 11.80 | 15.94 |
|  | |  | Total | 74.01 | 100 |

The study with respect to factory stuffed shipping bills reveals that in case of factory stuffed shipping bills the average time taken by the Customs is only 14 hours i.e. about 18.84%.

**Table B – CFS Shipping Bills**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| S.No | CFS Shipping Bills | Stakeholder | Average Time taken (In hours) | % Time Taken |
| 1 | SB filing to Registration | Customs Broker | 65.00 | 54.81 |
| 2 | Registration to Examination | Customs | 0.50 | 0.5 |
| 3 | Examination to LEO | Customs | 53.08 | 44.76 |
|  |  | Total | 118.58 | 100 |

**CFS Shipping Bills**

The study with respect to CFS shipping bills reveals that in case of factory stuffed shipping bills the average time taken by the Customs is only 54 hours i.e. about 45.26%.

This data, however, does not approximate the actual export release time primarily because:

1. shipping bills, in general are filed days in advance of actual dispatch of export cargo,
2. statistical evidence suggest that the time stamp relating to stuffing does not capture the occurrence of actual event,
3. EGM is generally filed after export of goods.

**Sub Processes Analysis**

Six commodities Rice, Tiles, Yarn, Sand stone, Towel and Sesame Seeds has been analysed to quantify average time of two aspects of Export Release time namely,

1) SB filing to LEO and

2) Registration to LEO.

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Average timing (Time in hours)** | | | | | | |
| **Commodity** | Rice | Salt | Castor Oil ( Non Edible) | Sugar | Crust Stone Chips | Tiles |
| **No. of SB** | 36 | 24 | 11 | 14 | 14 | 4 |
| **SB filing to LEO** | 73.40 | 72.42 | 94.54 | 83.66 | 37.21 | 208.83 |
| **Registration to LEO** | 16.07 | 15.69 | 5.18 | 25.00 | 1.00 | 107.7 |

**SB Filing to LEO**

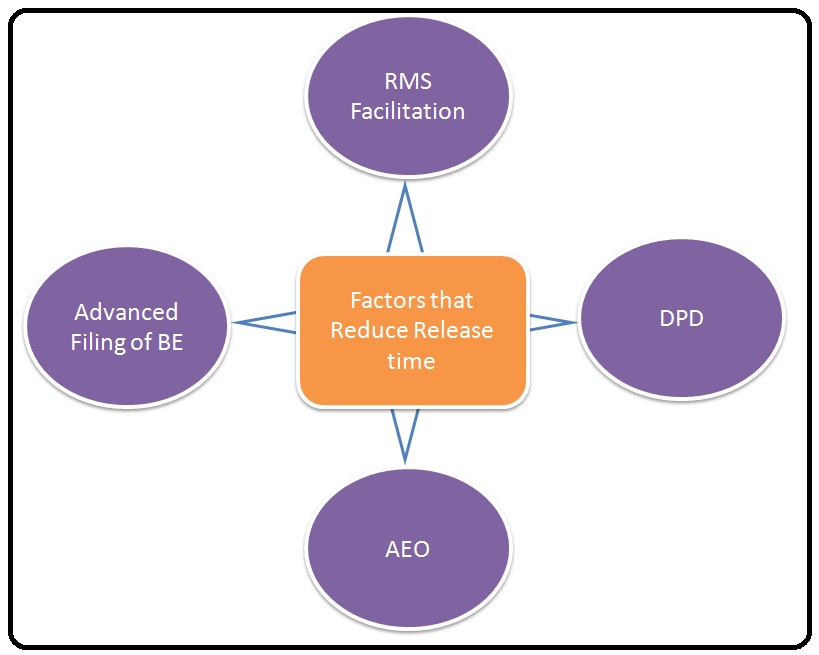
**Registration to LEO**

1. **RECOMMENDATIONS:**

**7.1 Based on the detailed analysis, following recommendations are made for minimization of release time for import cargo:**

After the detailed analysis to reduce the Release time four pillars must be emphasized namely,

1. RMS facilitation
2. AEO Scheme
3. DPD Scheme
4. Advanced Filing of BE. -



1. RMD and Kandla Customs may constantly review the risk parameters and profile to increase the full facilitation level (involving neither assessment nor examination). Strengthening of the feedback loop involving risk profile, interdiction results and constant revision of risk profile will enable increasing the facilitation levels, without threat to revenue or other compliance requirements.
2. Since the release time for first check bills of entry and second check bill of entry with both examination and assessment is significantly higher than average overall release time there is a need to think of ways of reducing their share as well as compressing their release time. In particular, the need for physical examination of cargo must be more carefully considered and scanning facility at the terminal premises should be strengthened.
3. Kandla Customs must enhance its outreach programme to increase the share of advance bills of entry, avail of e-Sanchit facility (for online uploading of supporting documents with bills of entry) to minimize the need to raise queries during assessment and to encourage prompt filing of normal bills of entry and prompt payment of duty.
4. Kandla Customs should engage with regular importers/exporters and logistic operators to increase enrolment under the AEO and DPD scheme highlighting, inter alia, the significant benefits in terms of higher levels of facilitation, lower release time and direct savings in case of DPD clearance.
5. The partner government agencies, like FSSAI, ADC, PQ and TC should review their risk parameters and processes to reduce the share of interdicted bills of entry and minimize the associated release time. The PGAs and CBEC Single Window team should work towards setting targets for progressively increasing the facilitation levels assigned to each PGA.
6. The PGAs and other agencies must be advised to modify their record management to register not just the date-stamp but precise time-stamps.
7. Kandla Customs should identify other major agencies that have role in clearance of cargo through Kandla Custom House, such as Central Insecticide Board, CRCL, etc. and engage with them to streamline the processes so as to minimize the release time in respect of such cargo, including if possible, electronic transmission of test reports or no objection certificate through systems.

**7.2 The study recommends the following measures to further reduce the export release time:**

1. The average time taken for factory stuffed shipping bills is significantly lower than the time taken for CFS stuffed shipping bills. As the facility of DPE is available to all factory stuffed containers at Kandla Port, exporters should take advantage of same.
2. The selection for examination by RMS is lower for AEO clients; therefore outreach programme for enrolling AEO should also target exporters.