

**Minutes of the 48<sup>th</sup> Meeting Session of Standing Committee on Promotion of Exports (SCOPE) –Shipping**

The 48<sup>th</sup> Session of the Standing Committed on Promotion of Export (SCOPE), Shipping was held on 8.2.2018 under the Chairmanship of Shri Binoy Kumar, Special Secretary-Logistics, New Delhi. The list of participants is enclosed.

2. The Special Secretary (SS) in his opening remarks welcomed the members and mentioned that a new Logistics Division has been created in the Department to promote ease of organising logistics in exim trade, reduce logistics costs and time overruns. This would result in increased competitiveness of goods, growth of exports and a linked economic growth. He mentioned that the State governments also have started looking at logistics as a special sector with Maharashtra recently coming up with a logistics policy after Chhattisgarh. SS mentioned that infrastructure status has been accorded to logistics sector and that the Multimodal Transportation of Goods Act, 1993 is under review. He also mentioned that the logistics division is contemplating on drafting a policy on multimodal logistics hubs/parks with the aim to promote investment. A comprehensive transparent one-stop logistics market place is also under consideration to enable exporters and other stake holders can interact on a real time.

3. Director General, Directorate General of Foreign Trade (DGFT) informed the members exports have grown by about 7-8%. DG mentioned that they are in close contact with Customs to provide necessary relief in the GST regime. He mentioned that DGFT has initiated a "Contact DGFT" service wherein traders can file their complaints and grievances to the DGFT directly regarding issues related to trade and the implementation of the Trade Policy. He mentioned that complaints and grievance of the Traders are being monitored at higher level in DGFT. DGFT would welcome suggestions from the trade service providers on Foreign Trade Policy for ease of business.

4. The following issues were discussed in the meeting :-

S. No.	Name of the organization	Issues discussed in brief	Decision
	Federation of Freight Forwarders' Association India (FFFAI) in Brihanmumbai Custom Brokers Association (BCBA)	<p><b>Transparency and uniform practices required by the trade from Shipping lines and NVOCCs</b></p> <p>Due to lack of transparency and uniformity in practices and cost levied by Shipping lines and NVOCCs there is delay and arbitrariness induced.</p> <p>Shipping lines/NVOCCSSs are requested to display all charges to be levied on Bill of Lading so as to provide transparency. No other charges to be recovered apart from mentioned on the Bill of Lading. Charges like inland haulage charges and terminal handling charges are normally displayed on the shipping bill but some additional charges are levied locally e.g cleaning charges. Charges that are to be collected on behalf on the Shipping line are to be displayed on the shipping bill as in Colombo. Based on the decision in the last meeting details have been provided to DG, Shipping and DGFT.</p> <p><i>Representative of CSLAI</i> mentioned that all the main liners displayed the charges on their websites. For any exception, specific details may be provided. Sea freight rates are not on the website as these are in contravention of international competition law regulations.</p> <p><i>Representative of SCI</i> also agreed with the concept that all charges are normally displayed. These are individual</p>	<p>DG, Shipping to hold a meeting of all the stakeholders and resolve the issue within 2 months.</p> <p>Representatives of M/o Shipping and DOC may be invited to attend the meeting.</p> <p>CBEC to consider extending the order of Customs, JNCH, Mumbai to other ports also.</p>

		<p>contracts which may have variation.</p> <p><i>JS, M/o Shipping</i> mentioned that DG Shipping has already held a meeting and an advisory issued but the intervention possible is limited as it does not have a mandate to do so. DG Shipping may again meet the Shipping Lines, NVOCCs, forwarders etc to bring transparency and uniformity in cost documentation and procedure. It was also mentioned that the JNCH, Customs authorities of Mumbai have issues a public notice under Cargo and Customs Regulations, 2009 making the implementation of the advisory of DG, Shipping.</p> <p><i>Representative of FIEO</i> gave the example of import of raw cotton which requires cleaning of the ship which is levied on the importer. Shipping lines are charging cleaning charges / repairing charges / maintenance charges to the tune of Rs. 5000/40' container even though nothing is done to maintain container. Similar issue is faced by exporters also for eg. Granite exporters at Krishnapatnam port, related to Maersk like.</p> <p><i>Chairman</i> mentioned that the order of JNCH Customs may be extended in other areas also.</p>	
	<p>Federation of Freight Forwarders' Association India (FFFAI)</p> <p>Brihanmumbai Custom Brokers Association (BCBA)</p>	<p><b>Advance invoice</b></p> <p>Shipping lines to Issue advance invoice (prior of arrival of vessel), issue advance delivery order and recover charges online on common payment platform. The e-delivery order is issued after the payment is done. This has however been resolved to an extent with the recent amendments in the Customs regulations. The payment mechanism by the various Shipping lines may be made easy. Association has given a white paper on the delivery order process. A similar exercise has been conducted for the airlines and implemented.</p> <p><i>Representative of CSLAI</i> informed that the delivery order is normally issued prior to the arrival of the ship. He mentioned that that all the shipping lines have the required formats on the website. Regarding the e-delivery order is issued based on the importer or his agent after the payment is received.</p> <p><i>Representative of FIEO</i> mentioned that details of the delays need to be identified. This may be taken up looking at details of the cargo arrival, filing of bill of entry and issue of delivery order. Specific delays may be analysed to understand the reasons. Customs does not maintain data for which DPD has occurred.</p> <p><i>Representative of CBEC</i> assured to provide data regarding the specific DPD and take up a study.</p>	<p>CSLAI will pro actively facilitate payment of charges through a common portal. The shipping lines may issue invoices in a specific time frame.</p> <p>FFFAI/ BCBA to bring specific transactions to the notice of CSLAI.</p> <p>FIEO to undertake analysis of the delay in issue of delivery order for the DPD in its study based on data to be made available from the CBEC.</p>
	<p>Federation of Freight Forwarders'</p>	<p><b>Registration of NVOCC, Shipping Lines etc</b></p> <p>At present for clearance of cargo particularly LCL cargo</p>	<p>No further action required.</p>

	<p>Association in India (FFFAI)</p> <p>Brihanmumbai Custom Brokers Association (BCBA)</p>	<p>trade is facing huge transaction cost, arbitrary charges, delaying tactics and lack of accountability from forwarders / console agent and NVOCCs.</p> <p><i>Representative of CBEC</i> mentioned that in December, 2016 draft Manifest (Vessels) Regulations were issued. It is expected that within 2-3 months the regulations will come into effect in which all the Shipping Lines and NVOCCs have to take registration with which such aspects will be taken care of.</p>	
	<p>Container Shipping Lines Association (INDIA)</p>	<p><b>Movement of empties from one Indian Port to another</b></p> <p>Movement of empties is permitted form one Indian port to another under Cabotage relaxation by Director General (DG) of Shipping after following prescribed procedures framed by DG. However, Customs at Chennai is not allowing such moves even after obtaining necessary permission from DG and insisting an undertaking for payment of duties which is actually not applicable for carrying such empties on a foreign going vessel from one Indian port to another with DG permission. This is forcing the Lines to move the empties by road or tranship through Foreign Ports, resulting in additional cost to Lines and forcing them to use road transportation for local transport which eventually is congesting the roads and is against M/o Shipping policy to promote sea route.</p>	<p>CSLAI to give details of the specific reference to CBEC.</p>
	<p>Container Shipping Lines Association (INDIA)</p>	<p>The time duration to get single voyage Cabotage dispensation for foreign flag vessel to carry Exim containers between two Indian ports is at least 7 to 10 days and involves manual interaction. Now INSA NOC is on line, would request if the DG shipping can have online approval and payment options the duration can be reduced to 2 or 3 days. This is important as such request often comes at the last moment without any buffer time.</p> <p><i>Representative of M/o Shipping</i> stated that there is limitation of the existing electronic system of DG Shipping. DG, Shipping has already tendered for setting up of new electronic system and the process of award of contract will be completed by this month end only. With implementation of new system all the services will be available on electronic mode.</p> <p>Representative of INSA mentioned that they have been working in e-mode for the last 10-12 years and permission to ships is given immediately.</p>	<p>M/o Shipping to ensure that the system gets functional at the earliest.</p>
	<p>Container Shipping Lines Association (INDIA)</p>	<p><b>Yellow fever Inspection – PHO</b></p> <p>Vessels arriving at Mundra from yellow fever endemic countries have to wait at anchorage for inspection by PHO and are allowed to berth only after such clearance is issued. This causes at least 6 hours' delay in berthing (loss to lines and terminals) and additional cost of tug hire for</p>	<p>M/o Health to station sufficient dedicated manpower for conducting health check at</p>

	<p>PHO inspectors.</p> <p>At present as per marine statutory regulations all on board carry valid vaccination / health cards. The information of the status of vaccination and confirmation of "healthy vessel and crew "is communicated electronically by Master of the vessel well before arrival of the vessel. Moreover, in May 2014, the World Health Assembly adopted an amendment to Annex 7 of the International Health Regulations (2005) (IHR), which stipulates that the period of protection afforded by yellow fever vaccination, and the term of validity of the certificate will change from 10 years to the duration of the life of the person vaccinated. On 11 July 2016, the amended IHR Annex 7 entered into force and is legally binding upon all IHR States Parties. Thus, from 11 July 2016 the certificate of vaccination against yellow fever is valid for the life of the person vaccinated. As per regulations, this lifetime validity applies automatically to all existing and new certificates, beginning 10 days after the date of vaccination.</p> <p>The PHO rules in this regard needs to be reviewed and amended to save cost and delays.</p> <p><i>Representative of M/o Health</i> informed that from October, 2017 onwards India has also agreed to the WHO recommendation that single dose of Yellow Fever vaccination will be valid for the life of vaccinated person as per IHR amendment. He mentioned that at Mundra Port the same tug boat that is being used by the pilot is also used by the PHOs. So there is no extra cost incurred specifically due to PHOs inspecting the vessels. Representative also mentioned that the physical inspection of the vessels arriving from the Yellow Fever affected countries, within 30 days will continue as per regulations. This would require amendment of rules.</p> <p>During the discussion it was identified that the Kandla PHO office has deputed an officer for Mundra who performs necessary inspection at Mundra. This causes a certain delay in issue of permissions.</p> <p>Chairman requested DGHS may consider request of the CSLAI regarding the physical inspection.</p>	<p>Mundra Port.</p> <p>DGHS to examine the request of the CSLAI regarding the physical inspection.</p>
<p>Container Shipping Lines Association (INDIA)</p>	<p>Validity of Port Clearance at Nhava Sheva:</p> <p>The Port Clearance is issued by the Customs and the validity of Port Clearance is merely 72 hours. Once the validity has expired for some reason, the shipping line has to approach the Customs in person along with The Original Port Clearance for the extension of Port Clearance. In case, there is a berthing delay of vessels in the Terminals or Saturday /Sunday /Monday is a public holiday, and vessel expected to sail on Tuesday, then the shipping line</p>	<p>CBEC to explore the possibility of making the reissue process simpler and faster electronically. The necessity of resubmission of documents may</p>

		<p>representative has to approach the Customs for the extension of Port Clearance validity.</p> <p>In order to issue the Port Clearance by Customs, the Shipping Line has to submit the Yearly Bond, IT NOC/DIT, Copy of Vessel Certificates, Light Dues, VIA copy/Port Payment copy which have longer validity</p> <p>Customs to consider issue of the Port Clearance for 7 days validity which will avoid the extra work for approaching in extension of Validity of Port Clearance.</p> <p><i>Representative of CSLAI</i> mentioned that as all other documents have a more than 7 day validity period and in case of any delay all the documents for the port clearance are to be resubmitted for reissue of port clearance.</p>	<p>also be examined.</p>
	<p><b>Container Shipping Lines Association (INDIA)</b></p>	<p><b>ICD TR Copies submission</b></p> <p>Presently, the ICD locations are dispatching by courier two Copies of TR i.e TR 1 and TR 2 to the loading station. Once the shipping Line at the load port receive the TR copies, the ICD containers are loaded on the vessels. After loading the ICD containers on vessels, both the TR copies along with EGM Hard copy are sent to Customs in a separate two sets/Envelopes. The TR 1 copy for Nhava Sheva Customs and TR 2 for respective ICD Customs. Nhava Sheva Customs will dispatch one envelope to the respective ICD locations for their confirmation/receipt. At the loading port, the Shipping Lines are filing EDI EGM for the ICD containers in ICEGATE, like local containers. This process had started from 1<sup>st</sup> of November at Nhava Sheva. As per the request from Nhava Sheva Customs, Most of the shipping lines have filed the EDI EGM through ICEGATE from July 2017 onwards to meet the IGST. Now a days, 99% TR copies are generated through ICEGATE, except SEZ shipping bills, which is a manual Shipping Bill/SEZ system.</p> <p>Since all the ICD containers are generated through ICEGATE system and ready in all respect, the ICD location agent can send an email with the Details of Shipping Bill, Container, Destination etc., in order to file the EDI/Hard copy of EGM with Customs at the Loading station. This will help Shipping Lines for paperless work in all the loading stations. Presently, according to existing customs regulations, the shipping lines are supposed to have the TR copy at the loading station prior to preparation of the Export Advance List and subsequently the shipping line has to submit the TR Copies to local customs.</p> <p>Therefore, if the Central Customs issue a Public Notice stating that the Shipping Lines can load the ICD containers, once the TR copies are being generated at the origin location through ICEGATE and hence there is no need to</p>	<p>CBEC to ensure issue of Manifest Regulations at the earliest.</p>

		<p>have the hard copy of TR at the loading station. This will enable to avoid despatching the hard copy to the loading station and also back to ICD locations.</p> <p>Nevertheless, to mention that most of the time the ICD containers may arrive at loading station prior to receipt of TR copies by courier and thereby missing the shipment of exports on scheduled vessels. During the peak season, if the shipping lines can load all the ICD containers, which have already arrived in the Terminals and the TR copies generated through ICE GATE at origin, it will ease the congestion in the Terminal.</p> <p><i>Representative of CBEC</i> informed that on the export side, the ICEGATE Module is presently not fully functional. The request is in-principle agreed to. Once the module gets operational, physical copy of TR 1 &amp; TR 2 will not be required. DG, Systems is also awaiting issue of CBEC's Manifest regulations. Once, it is issued DG, System will make necessary changes in the system accordingly.</p>	
	<b>Container Shipping Lines Association (INDIA)</b>	<p><b>Registration of New Agency</b></p> <p>At the ports along East coast ports the procedure followed by Customs to register new Agency and revalidate registration are lengthy and time consuming. The procedure followed by Customs at West Coast Ports is simple and follow one-time registration procedure. Regulations are applied differently across ports.</p> <p>Chairman remarked that this could be due to the interpretation of the regulations by different authorities.</p>	<p>Details of specific instances may be provided to CBEC.</p> <p>CBEC may consider reissue of circulars to ensure uniform interpretation of regulations.</p>
	<b>Container Shipping Lines Association (INDIA)</b>	<p><b>Leasing of CHA Licenses</b></p> <p>There are cases where CHA licenses are being leased to third party entities. Customs may adopt suitable stringent measures to curtail this practice.</p>	<p>Details of specific instances may be provided to CBEC.</p>
	<b>Container Shipping Lines Association (INDIA)</b>	<p><b>Stakeholders in Supply Chain</b></p> <p>The EXIM stakeholders, ie NVOCC's, Freight Forwarders, and Customs Brokers etc must also display their charges on their website. This is in line with "Transparency &amp; Ease of Doing Business"</p>	<p>The EXIM Stakeholders agreed to display the charges on their website.</p>
	<b>Brihanmumbai Custom Brokers Association (BCBA)</b>	<p><b>Standardization in documentary requirement sought by Shipping Lines</b></p> <p>At the time of issue of delivery order, shipping lines have documentary requirements to be complied by the importer or agent e.g container bond, blank cheque, authority letter, KYC of importer and broker, undertakings etc. All the shipping lines may have a standard language for the factory stuffing bond or destuffing bond and made available online.</p>	<p>CSLAI to work proactively for standardization of the documents and come out with an SOP for all the shipping lines.</p>

		<p><i>Representative of CSLAI</i> mentioned that many shipping lines provide their requirements on the website. The documents are mostly standard and available on the website of the Shipping lines.</p> <p><i>Representative of AMTOI</i> mentioned that KYC documents are sought by multiple agencies. There a agencies handling KYC in the financial sector and a similar arrangement may be considered for the logistics sector. For a single transaction, various agencies seek KYC registration. CBEC has issued a circular making KYC mandatory.</p>	
	V.O. Chindambaranar Port Trust	<p>M/o Railways may rationalize short haul rake pricing reducing minimum freight slab to 25kms from 50 kms. Rail freight to be reduced on par with road freight to promote rail freight movement.</p> <p>It may also encourage transport of coal and other raw materials to captive power plants and industry.</p> <p><i>Representative of M/o Railways</i> stated that presently, Railways is not considering any review in freight charges. Generally, as a matter of principle, Railways encourages long lead tariff. However, recently a committee has been constituted to look into the issue of short lead tariff based on that probably a decision may be taken. As the Container Train Operator competes with road operators so any benefit in reduction of traffic is likely to be passed on to the consumer.</p>	M/o Railways to update outcome of the report.
	Association of Multimodal Transport Operators India (AMTOI)	<p><b>Import Ocean Freight on CIF</b></p> <p>When an overseas company engages an Indian freight forwarder (IFF) to import goods on CIF, the Indian freight forwarding company has to levy GST on prepaid import shipment to the overseas customer. Whereas, an overseas company is not faced with any incidence of tax on the transaction when he chooses to work with foreign freight forwarder (FFF).</p> <p>When an Indian Company engages an IFF for third country transport it is liable to GST as per Section 12. When the same Indian company engages a FFF Section 13(9) of GST is not applicable. This favour FFFs. Therefore, such transactions involving third country transport of goods should zero rated and not GST taxable.</p> <p>Thus levy of GST results in loss of the competitive edge of the IFF which may be reconsidered.</p> <p>A representation has also been made on the issue to GST Council.</p>	Association to submit a representation to GST Council.
	Association of Multimodal Transport Operators	<p><b>Transactions involving international transport of goods should be zero rated and export of services under LUT (Legal Under Taking) :</b></p>	Association to submit a representation to GST Council.

	India (AMTOI)		Section 13(3) of the GST presently does not apply to support services such as customs clearance, transportation, loading, unloading etc. Government to issue a clarification to this effect.	
	Association of Multimodal Transport Operators India (AMTOI)	of	<p><b>Transportation under international INCO terms – ex-works DAP etc :</b></p> <p>Define composite services for the logistics industry. Trade should be governed by INCO terms and all services covered for delivery of the goods as per INCO terms should be categorized as composite services and the entire transaction should be treated as export of services at a flat rate of 5% as principal services are mainly ocean / road.</p>	Association to submit a representation to GST Council.
	Association of Multimodal Transport Operators India (AMTOI)	of	<p><b>Movement of empty containers by NVOCC / slot operators:</b></p> <p>Increase in cost on account of GST as compared to foreign operators. Indian NVOCC operators need to pay GST to reposition empty containers. This is not the case with foreign NVOCC operators. Such transactions should be zero rated.</p>	Association to submit a representation to GST Council.
	Association of Multimodal Transport Operators India (AMTOI)	of	<p><b>Invoices raised by service providers in Logistic industry:</b></p> <p>There are a number of cases where the service provider refuses to raise the invoices in the name of actual receiver of services. Further, shipping companies also refuse to raise the invoice in the name of EPC company or in the name of forwarder of the customs broker. In all such cases there is loss of credit as companies like ONGC, IOL is only concerned with the final invoice of the EPC company.</p>	Specific instances to be brought before CBEC by AMTOI for examination and to ensure proper invoicing.
	Association of Multimodal Transport Operators India (AMTOI)	of	<p><b>Pure agent transition:</b></p> <p>Though the government has issued a clarification on the concept of pure agent transition, there are number of organizations who do not issue the GST invoices in the name of the actual service provider. In such cases, the logistics company is unable to act as a pure agent.</p>	Specific instances to be brought before CBEC by AMTOI for examination and to ensure proper invoicing.
	Association of Multimodal Transport Operators India (AMTOI)	of	<p><b>Inward and outward payment in convertible currency:</b></p> <p>Settling of transactions while remitting – GST provisions not aligned to RBI guidelines. For ease of doing business and to avoid loss of foreign exchange, the statement of inwards / outward remittance to be accepted as proof of remittance received for export of services.</p>	CBEC and M/o Finance-RBI to consider and issue revised guidelines.
	Association of Multimodal Transport Operators India (AMTOI)	of	<p><b>Banking and remittance procedure for shipping companies:</b></p> <p>(i) Form 15 CA may be continued and Form 15 CB to be valid for a financial year subject to the beneficiary, nature remittance and purpose code and tax position being the same;</p> <p>(ii) Uploading TRC in Form 15 CA if DIT benefits are to be claimed: TRC need to be obtained once every 5 years from overseas companies and copy to be</p>	CBDT to review the procedures for submission of the various forms.



		<p>submitted / uploaded. For each of the subsequent 04 years a simple declaration from the overseas company stating that there is no change in the tax residency as per the TRC submitted earlier should suffice and submission of their declaration one time in each of the subsequent 04 years should be enough.</p> <p>(iii) This requirement of submission of returns by SPM to Bank may either be removed or submission be made annual.</p>	
	<p>Association of Multimodal Transport Operators of India (AMTOI)</p>	<p>(i) EEFC A/C – time limits for mandatory conversion subject to non-utilization: The period allowed for conversion for accruals in a month should be at the end of 03 months succeeding the month of accrual.</p> <p>(ii) OFAC / sanctioned beneficiaries – authorized dealers to do the due diligence: Necessary due diligence is undertaken by the remitting bank to forewarn the remitters if the remittance is to such beneficiary.</p> <p>(iii) Investment overseas in Debt Securities of unlisted companies : Investments should be within certain limits in debt securities of unlisted companies as long as their constitution is valid as foreign resident company according to the laws of that country</p> <p>(iv) Container purchase by Indian Shipping company, to be used in international trade whereas the remittance documents necessarily have to show that bill of entry will be filed. Self-declaration to this effect should be accepted by RBI.</p>	<p>Department of Financial Service/ Reserve Bank of India to review the documentation requirement and procedures.</p>
	<p>Association of Multimodal Transport Operators of India (AMTOI)</p>	<p>There have been many amendments to the ICEGATE system. The Port Community system and ICEGATE are linked and the incremental data (due to amendments) from ICEGATE is to be shared with the PCS. IPA has been coordinating with CBEC to resolve the issue of data transfer.</p>	<p>CBEC to ensure the transfer of incremental data is done to PCS.</p>
	<p>Container Freight Station Association of India (CFSAI)</p>	<p><b>Delays in Scanning of Containers at JNPT.</b></p> <p>As per Customs Regulations, a list of import containers to be scanned (apart from HMS &amp; Pakistan cargoes which are for 100% scanning) is generated. At JNPT approx 250 to 350 containers out of the 4000 local Imports (CFS+ Factory Destuffing+ DPD) are selected for scanning every day, whereas the capacity of one single fixed R-Scanner at CWC Distripark has a scanning capacity of about 250 per day. This results in long queues of 350-400 TTs with containers at R-Scanning facility. Additionally the problem gets compounded as the system is shut down for 2 days in a month for planned maintenance.</p> <p>Members of trade were informed by JNPT officials that new</p>	<p>CBEC to prepare risk management list for scanning as per capacity of the scanner and examine remaining containers to reduce delays.</p> <p>JNPT to ensure planned development of infrastructure to</p>

		<p>high capacity container scanners are being installed which will resolve the problem, but it is suggested that till the new scanner is commissioned. In the interim period either the selection for R-Scanning may be reduced or some of the containers which are necessary to be scanned may be routed for 100 % examination.</p> <p>An overall plan for creating infrastructure in the port needs to be done as to ensure no bottlenecks arise. The holding area for feeding 2000 scanners to the scanners is grossly inadequate. It was mentioned that the scanners need to be installed at the gates as is the global practice.</p> <p><i>Joint Secretary, Infrastructure, DoC</i> mentioned that the risk management would undergo a change with the implementation of Trade Facilitation Agreement.</p> <p><i>Representative of CBEC</i> mentioned that scanning is being undertaken to reduce the delay caused due to physical examination and the request for physical examination may induce further delay. Guidelines exit that container may be examined if it is delayed for more than 24 hours.</p>	prevent any future bottlenecks.
	Container Freight Station Association of India (CFSAI)	<p><b>Dwell time Calculation for CFSAI as per FIEO / BRIEF Report. Huge variance on actual vis-à-vis reflected..</b></p> <p>Under "Ease of doing business" and as per world bank survey, the dwell time in CFS is about 150 hrs as per FIEO study, however as per the activity, the dwell time is solely attributed to the importer/ clearing Agent as the total time taken by CFSs for the activity is about 12 hrs. However the delay is totally attributed to CFSs branding them to be inefficient.</p>	No further action required.
	Container Freight Station Association of India (CFSAI)	<p><b>Loss of revenue and no compensation (even Ground Rent) to Custodians for cargoes under "absolute confiscation" by Customs</b></p> <p>Historically when cargo is to be adjudicated, the normal practice was to levy a redemption fine to be paid by the custodian ( in our case CFS) after which he could auction the goods with condition/s, if any, imposed by customs had to be complied. However the practice has since been discontinued. Now the Customs auction the goods and the successful bidder is allowed to take the goods without paying the ground rent accrued to the Custodian (CFS).</p> <p>In such a scenario, whilst CFSs incur expenses and costs relating to such cargoes and they are being denied compensation from the proceeds realized by the Customs. It is pertinent to mention here that CFSs are set up with huge Capex and have substantial Opex and to deprive custodian of their actual cost is grossly unfair and Customs should be asked to compensate the custodians form the auction proceeds collected by them.</p> <p><i>Representative of CBEC</i> mentioned that the Custodian is</p>	CBEC to consider sharing of revenue earned from the shipment with CFS.

		bound by the conditions of his engagement.	
	<b>Container Freight Station Association of India (CFSAI)</b>	<p><b>Bank Guarantee(BG): Demand by JNCH for Auto-Renewal of BG</b></p> <p>CFSs furnish a bond to the Customs and also take an Insurance to protect their interest towards loss of revenue in case of an unforeseen incident / accident (theft / fire / total loss etc.). In addition CFSs also furnish a BG. JNCH insists on auto renewal of bank guarantee, which is not a practical solution. Further this concept of seeking "auto renewal of BG" was basically applicable to importers and not CFSs as CFSs are permanent entities licensed by Customs.</p> <p>In view of above Customs should not have any apprehensions of not realizing the BG amount in event of a default. In addition, since the volumes handled by CFSs would vary from year to year, the BG amount would also vary and as such auto renewal apart from being a cost head also is a hindrance in "ease of doing business"</p>	CBEC to consider waiving of the condition of auto renewal of BG.
	<b>Container Freight Station Association of India (CFSAI)</b>  <b>National Association of Container Freight Stations(NACFS)</b>	<p><b>Longstanding containers</b></p> <p>In terms of Import and Export cargo lying beyond 90 days, the Custodians are required to dispose of the goods as per regulation 6 (1) m of HCCAR 2009. There are many instances where the goods are confiscated by DRI/SIIB or Allied Agencies like Spices Board etc. due to the following broad reasons.</p> <ul style="list-style-type: none"> <li>a) Mis-declaration</li> <li>b) Mis-classification</li> <li>c) Cargo with restricted goods</li> <li>d) Cargo with prohibited goods</li> </ul> <p>The reason for all such situations are due to the mistake or fraud of the Exporter/Importer/CB and in case of Imports, the Shipping Line also have to play a vital role in ensuring to bring legally correct goods into our Country, India.</p> <p>The burden of holding such confiscated cargo for an infinite period is wrested on the hands of the Custodians without any earnings. Further, it is blocking the vital space of the CFS/ICD and therefore some time limit has to be implemented and beyond which the stakeholder who is responsible for the mistake/fraud have to compensate the Custodian.</p> <p>Similarly, there are instances where the Importer/Exporter approach the legal course for their remedy from Customs or any other allied agency and the consignments are lying for more than a year without any possibility for disposal.</p> <p>CFSAI suggested that a special drive may be taken up for the disposal of detained cargo through specified Board Circular. NACFS informed that a draft disposal manual was</p>	<p>CBEC to come out with a policy on issue of disposal of such containers and have a special drive for disposal on the</p> <p>Associations may provide details of disposal practices across the world.</p>

		<p>submitted to the Board in September 2013 which was to serve as a reference material for the speedy disposal of the confiscated cargo. The same may be considered by the Board.</p> <p>As per CBEC Circular No. 50/2005 &amp; 52/2005 subjected to procedure for disposal of unclaimed / un-cleared cargo under section 48 of the Customs Act, 1962, lying with the custodians, the maximum number of auctions / tenders to which a lot is subjected should be four. Though this was practiced in various ports, JNCH had unilaterally discontinued this in the last few years. There have been several instances wherein containers have been put up for 8-9 auctions, which becomes counterproductive as the goods at times deteriorate and value is reduced substantially. This issue needs to be addressed at JNCH.</p>	
	<b>PHD Chamber of Commerce and Industry</b>	<p>Deeping of drafts at berths: Nowadays worldwide the cargoes like steel are carried in handymax vessels i.e. 45000-52000 dwt vessels which normally needs a draft of 12 to 12.5 meters. For example- Mumbai port can accommodate vessels only in BPX berth where there is a draft of 10.5 meters (during monsoon this gets reduced to 10 or 10.2 meters) and two other berths in harbor wall which have a draft of 8-8.5 meters. All the other berths inside the dock can accommodate only smaller vessels.</p> <p>Port infrastructure up gradation required all over India with substantial improvements in road conditions to reduce jams and faster delivery; On line tracking of container position at all terminals of JNPT and other ports; Gate cut-offs on on-going basis; improving movement of cargo from buffer yards; providing special purpose agri jetties for Agricultural cargo in ports like Kandla and Mundra to reduce ship turnaround time and improve the supply chain efficiency; install mobile cranes with proper and sufficient capacity for loading cargo.</p>	JNPT, M/o Shipping to consider improving the infrastructure.
	<b>PHD Chamber of Commerce and Industry</b>	The Multimodal Transportation of Goods Act 1993 needs a lot of revisions to ease the existing restrictions on transportation and documentation through different modes of transport, particularly restrictions in the Customs Act which do not allow seamless movement of goods; and restrictions on free movement of cargo between Inland Container Depots (ICDs), Container Freight Stations (CFSs) and Ports.	Logistics, DoC to consider revision of MMTGA.
	<b>PHD Chamber of Commerce and Industry</b>	Duty drawback differentials during post IGST regime should be looked into. Earlier exporters were able to take duty drawback at 9-10% if the CENVAT was not availed and if the CENVAT was availed was 2-3%. Generally, most of the exporters were taking duty drawback of 9-10% but now under the new regime duty drawback is allowed only at 2%, which is significantly lower than previous rates.	CBEC to review the duty drawback rates.
	<b>Federation of Indian Exporter Organisations</b>	<b>Dispensing submission of S/B during redemption</b> In view of customs Circular No. 55/2016 Customs dated 23 <sup>rd</sup>	DGFT to resolve the system issue with DG,

	(FIEO)	<p>November, 2016, DGFT have prescribed guidelines in their recent PN 52 of 12.1.2018 where exporters are advised to still upload/furnish exporters' copy of shipping bill in original duly attested by customs authorities. Customs have dispensed with the process of EP copy of the shipping bill. However during the time of DGFT redemption of license, they are asking for EP copy or exporters copy duly attested by the Customs. There is an ambiguity in the process.</p> <p><i>Representative of DGFT</i> informed that they have already taken the note of the issue as DGFT too does not want the physical copy. DGFT is in contact with DG, System, CBEC to develop a provision through which it could view the full shipping bill of the exporters online which is presently done partially. DG, System had informed that they are working on providing access to give the full view of the shipping bill.</p>	System, CBEC.
	Federation of Indian Exporter Organisations (FIEO)	<p><b>Registration of Licences/scripts with Customs</b></p> <p>The script is issued based on the shipping bill transferred to Customs. Now, the script is electronically transferred by DGFT to Customs also, but, importers need to register this script at the port before its utilization. This registration should be automatic.</p> <p><i>Representative of DGFT</i> informed that though the script is being issued manually, the data is transmitted electronically to CBEC. It is for CBEC to take necessary steps in the issue.</p>	CBEC to take necessary action to make available registration of script at the port automatic.
	Federation of Indian Exporter Organisations (FIEO)	<p>AD Code registration is to be done separately for all ports. Since all EDI ports are connected the registration may be made a one time affair.</p>	FIEO to give a detailed submission in this regard for CBEC for examination.
	Federation of Indian Exporter Organisations (FIEO)	<p><b>Submission of nil statement to customs</b></p> <p>Exporters are required to furnish to Customs a nil statement from their AD bank in every six months. Exporters who are exporting from various locations, particularly merchant exporters, are facing issue with this requirement. Most of the times AD banks are also not bothered to provide the same to exporters.</p> <p>It may be mentioned that once the export payment is affected, AD banks upload the e- BRC on the DGFT website w.r.t each shipping bill. A linkage of customs and DGFT system is already there where information flows and customs should be able view the payment realization pertaining to each shipping bill. Any short fall in realization may be dealt as per the procedure. However, the need for submission of nil statement may be dispensed with.</p>	CBEC to examine need for exporters to submit nil statement.
	Federation of Indian Exporter Organisations	<p><b>Nodal officer for exports</b></p> <p>There should be a properly accountable Officer in Customs</p>	CBEC may designate an officer.

	(FIEO)	to guide Exporters regarding GST refund. It appears no one knows anything. Similarly, there should be clear accountability for the actions of Customs Officer. Similarly, there is a need for a nodal agency to look after and resolving the day to day issues of exporter/importer related to the shipping line/port etc	
	Federation of Indian Exporter Organisations (FIEO)	<b>DPD facility for companies with multiple branches</b>  Government has introduced DPD clearances to facilitate timely clearances by importer and also reduce cost of clearances. It has Big companies having multiple branches are finding it a little difficult to comply with the formalities of getting DPD facility as their branches are located across India and they are required to complete formalities in respect of all branches in one go. DPD is available IEC wise and it may be mentioned that one IEC can have multiple branches with different GSTN. Hence, a mechanism can be explored to extend DPD facility based on IEC and GSTN both.	CBEC to consider.
	Federation of Indian Exporter Organisations (FIEO)	<b>Animal quarantine at Bangalore</b>  Animal Quarantine, Bangalore are short staffed (Technical), hence there are some delays, which may sometimes result in demurrages for the importer and delays for the exporters.	D/o AH& F to staff the centre adequately.
	Federation of Indian Exporter Organisations (FIEO)	Exporters sending shipments to land locked countries like Kazakhstan, Tajikistan, Azerbaijan, Afghanistan etc is routed / transited through Iranian Sea Ports are facing difficulty as banks are not negotiating/regularizing such shipments.	D/o Financial Services to issue necessary directions.
	Chennai Port Trust	The Customs has given clearance for the outer anchorage bunkering operations vide the Public Notice No. 176/2015. In order to facilitate outer anchorage operations at Chennai Port, a letter was sent to the foreigners Regional Registration Office (FRRO), Chennai on 04.11.2015 requesting issuance of the guidelines to permit the following operations at Chennai Port limits round the clock: 1. Anchorage crew change 2. Boarding of commercial and technical personnel including foreign nationals at berths and at the anchorage for the vessels operational/commercial requirements. As the required clearance was not received form the FRRO, a letter dt, 22.01.2016 was sent to Ministry of Home Affairs (MHA), requesting to direct the FRRO for issuance of necessary guidelines.  In Chennai seaport outer anchorage permission is give to Indian nationals to attend the vessels in case of extreme emergency cases like engine problem, electricity system failure etc., bunkering operations during day time at the request of handling agent after obtaining permission form the Chennai port, customs and harbor marine police in the day light on daily basis. For foreign nationals, Chennai seaport is following the SOP of Seaport Immigration. In the SOP "Foreign technician should not be permitted to board	MHA may provide necessary clarification.

		the vessel at outer anchorage, however in emergent situations if the visa has an endorsement mentioning the name and purpose of boarding the vessel the same may be permitted after ascertain the genuineness of the claim."	
	Indian National Shipowners Association (INSA)	Bureau of Immigration has all of sudden stopped on 25 <sup>th</sup> September, 2017 the signing off of Indian crew if the vessel is at anchorage at Paradip and Kochi Ports. The exception to that is if the crew fall sick. These vessels cannot come alongside of the berth as they discharge cargo and move on.	Bureau of Immigration-MHA to review the regulations.
	Indian National Shipowners Association (INSA)	As per port health regulations there is requirement of sanitation and deratting certification applicable in case of vessels going on international voyages. The health officials are seeking this certificate for coastal vessels as well.	DGHS-M/o Health to examine the issue.
	Indian National Shipowners Association (INSA)	<b>Condition related to Guaranteed remittance</b>  It was requested that condition of obtaining Guaranteed Remittance (GR) waiver for export of tug boats and offshore vessels may be removed.  <i>Representative of DGFT</i> said that the matter pertains to RBI.	DGFT to refer the issue to RBI.
	Indian National Shipowners Association (INSA)	<b>Refinancing of trade credit through ECB/reimbursement of amount paid for purchase of ships through ECB –</b> INSA stated that currently, the Permitted End-uses under the Revised Framework on External Credit Borrowings (ECB) dated November 30 <sup>th</sup> specifies that "Shipping and Airline companies can raise ECB's only for import of vessels and aircrafts respectively" (Para 4). The general End Use prescriptions for ECB raised under Track 1 permits refinancing of existing trade credit raised for import of capital goods (Para 1 (vii)). They sought that the facility be extended to Indian Shipping companies.  Indian shipping companies are permitted to have bank accounts in India and abroad. Any advance money paid out of the account abroad is not considered for refund by the Authorised Dealer Bank on conclusion of purchase	DGFT to refer the issue to RBI.
	Indian National Shipowners Association (INSA)	<b>Clarification sought on whether second hand vessels can be imported under automatic route</b>  Representative of INSA conveyed that ECBs for acquiring ships have always been under the automatic route in the FTP. However, this is not clear in the earlier ECB framework. It has now has been clarified in this framework on page 3 of 16, point no. 2, where 'shipping and airlines companies' have been included under Track 1. This was later changed to 'airlines' only in the subsequent FTP leading to a confusion.  Clarification was sought on the ambiguity created by a statement closely following the above, which states "ECBs for following purposes will be considered under the approval route: (i) Import of second hand goods as per the Director	DGFT to relook at the provisions and issue a clarification.

		<p>General of Foreign Trade (DGFT) guidelines". RBI has been insisting that the matter pertains to DGFT.</p> <p><i>Representative of DGFT</i> mentioned that there is no such restriction imposed by DGFT and all item which are not restricted in the policy are permitted.</p>	
	<b>Indian National Shipowners Association (INSA)</b>	<p>The representative of INSA stated that as per the existing circular, a ship engaged in such a carriage, must discharge all domestic containerized cargo at the last Indian port prior proceeding to a foreign port. Suitable clarification needs to be issued in order to permit a vessel to carry domestic cargo on board, along with international feeder or EXIM cargo, while calling a foreign port such as Colombo which is in between two Indian ports/coasts. Besides Colombo, the circular may also include ports in Bangladesh like Chittagong and Mongla which will facilitate coastal shipping between the two countries.</p> <p><i>Representative of INSA</i> stated that the circular of CBEC in this regard is to be issued shortly and would like to thank CBEC for its efforts.</p>	CBEC to issue notification.
	<b>New Mangalore Port Trust (NMPT)</b>	<p>Though NMPT has been notified as an animal quarantine station but the notification has not been formally sent to NMPT. D/o AH &amp;F has as per NMPT informed the Steamers Agents Association of such a notification being issued.</p>	D/o Animal Husbandry to intimate NMPT formally of the notification.
	<b>New Mangalore Port Trust (NMPT)</b>	<p>FRRO office to be established at NMPT.</p> <p>Representative of MHA informed that the FRRO office has been established.</p>	No further action required.

Meeting ended with thanks to the Chair.