

Minutes of the 56th Session of Standing of Standing Committee on Promotion of Exports (SCOPE) – Air held on 08-02-2018 at 2:00 PM

The 56th Session of the Standing Committed on Promotion of Export (SCOPE), Air was held on 8.2.2018 under the Chairmanship of Shri Binoy Kumar, Special Secretary, New Delhi. The list of participants is enclosed.

2. At the outset, the Chairman welcomed all the participants and expressed the sentiment that the issues which are pending for quite some time would be able to be resolved. Chairperson suggested that concerned departments may take up the resolution of the issues in a time bound manner.

3. The following issues were raised and discussed :-

S. No.	Name of the organization	Issues discussed in brief	Action decided
	The Marine Products Export Development Authority (MPEDA)	<p>Customs officials availability at Ahmadabad Airport</p> <p>Live and frozen fish are exported from Ahmedabad. MPEDA raised the issue of availability of Custom clearance facility for cargo for only 12 hours/day at the airport. Due to the fixed timings for custom clearance the exporters have to handover highly perishable cargo before 4 PM, though the flight timing schedule is of next day, early morning. It is was suggested to make available customs clearance for 24hrs in order to increase the chilled fish export from Ahmadabad Airport.</p> <p><i>Representative of CBEC requested that details of the cargo being held up may be provided so as to examine the need for staff positioning.</i></p>	<p>MPEDA to give details of incidence wherein the perishable cargo was held up due to non availability of round the clock customs facility at the airport.</p> <p>CBEC to take necessary action in the issue of providing 24 hours customs clearance facility at Ahmadabad Airport based on the details furnished by MPEDA.</p>
	Federation of Freight Forwarders' Associations in India (FFFAI)	<p>Reduction/Elimination of Human Intervention & Standardisation of Procedures Across the Country</p> <p>Customs has introduced EDI System more than two decades ago, with the main objective of reduction of human intervention in the processes of documents filing and move towards paperless transaction. It was informed that CBEC has taken major initiative for moving to a paperless business model with the rolling out of e-Sanchit enabling uploading of documents. The exchange of import bill of entry and export shipping bill has been eliminated by the CBEC.</p> <p>In order to make the system successful and achieve the aim and objective, steps should be</p>	<p>FFAI to continue to engage with CBEC to take the concept of paperless concept relating to movement of EXIM cargo to the next level.</p>

		taken to make the process faster, eliminate human intervention and make the transaction paperless.	
	Federation of Freight Forwarders' Associations in India (FFFAI)	<p>Issues related to AFS Policy by Ministry of Civil Aviation</p> <p>The Policy governing setting up and running of Air Freight Station (AFS) has been issued by the Government in the year 2014 but there is no AFS operational as on date due to lack of clarity in policy. The issues related to terminal handling charges, interaction with terminal operators is yet to be resolved. This has caused unexplainable delay and huge financial burden to the aspiring entrepreneur.</p> <p>Regarding the establishment of AFS, it was clarified by the Joint Secretary, DoC that the issues related to policy of setting up AFS at Inland Container Depots (ICDs) & Container Freight Stations (CFSS) has been resolved by Customs and M/o Civil Aviation. It was also mentioned that there is no proposal of green field AFS pending with the IMC.</p> <p><i>Representative of MoCA</i> mentioned that the issue has been taken up with AERA and a meeting with stakeholders organised to resolve the matter. It was informed that AERA has already done background work to eliminate double charges likely to be levied.</p>	M/o Civil Aviation with AERA to resolve the issue of levy of terminal handling charges and the procedures between terminal handling operators and AFS.
	Express Industry Council of India	<p>In AFS one of the core activity in an AFS is handling of cargo for screening and custom cleared shipment. 100% FDI is permitted in AFS and ground handling agent but the function of screening of shipment by the agency as an "X-ray regulated agent" is not permitted by the BCAS. Physical handling of shipments after customs clearance is permitted by Customs for Custodians where also FDI is permitted. The policy dated 25.12.17 read with Para 11 of Order 9/2011 does not permit handling of shipments/customs control shipments for screening by the Indian entity with foreign equity.</p> <p>The Ground Handling Policy regulation in such cases of FDI is not clear. There seems to a difference in policy of FDI and M/o Civil Aviation.</p> <p><i>Representative of BCAS</i> mentioned that clear</p>	<p>Express Industry Council may send a reference to MoCA seeking the clarification required indicating the relevant sections of the ground handling policy.</p> <p>MoCA to issue a clarification regarding the security functions by ground handling agents.</p>

		<p>guidelines have been issued in this regard in 2015 and that the security functions cannot be given to foreign agent as per current regulations. It was mentioned that the screening is permitted only by Indian regulated agency and most foreign handling agents are operating through an .</p> <p><i>Representative of MoCA</i> mentioned that presently the regulations do not permit the screening by foreign agencies and only Indian agencies are permitted to do so. Any clarity required in the policy and its guidelines may be sought for.</p>	
	<p>Federation of Freight Forwarders' Associations India (FFFAI)</p>	<p>Uniform Procedure for Leasing Shipping Line Containers and Airline ULDs</p> <p>Customs Department follows different procedures for temporary leasing of Shipping Line Containers and Aircraft ULDs containers for stuffing/de-stuffing of cargo by Exporters and Importers at their factory/premises and submission of bonds.</p> <p>Different procedures are followed by the Customs at the airports e.g In Delhi the movement of containers is permitted by airlines after maintaining a log of the container. In Mumbai, Bengaluru and Chennai Customs seek bond from both the airliner and handling agent for taking the container out.</p> <p>All the airports may adopt a uniform procedure regarding the provisions of submission of bond for permitting movement of containers.</p> <p><i>Representative of Express Council of India</i> informed that in Mumbai the airliner submits a bond for enabling release of the container.</p> <p><i>Representative of CBEC</i> informed that vide notification 104/94 all imported containers can be taken out without payment of the duty by submitting a bond by the person bringing the container. Similar to the airlines, bonds are being taken from the ship liners in case the empty sea freight containers are taken out from the port. Therefore, uniform policy with regard to the movement of empty air and sea containers being taken from the ports and airports respectively is being followed across the country.</p>	<p>FFFAI to provide the details of the specific deviations from the notification at the airports for release of air cargo containers.</p>

	Federation of Freight Forwarders' Associations India (FFFAI)	DPD model required for clearance in Air Cargo mode With implementation of the new regulation for submission of documents payment of duty within 48 hours, more than 70% containers are being sent without assessment. It was suggested that DPD model should be adopted for clearances through Air Cargo mode across the country for regular Importers who pay custom duty timely should be encouraged for clearance of RMS facilitated cargo immediately upon landing. This would improve the dwell time.	CBEC to hold consultation with air cargo operators and airlines, security agencies to work out the best possible way in which the DPD model may be implemented for Air Cargo.
	Brihanmumbai Custom Brokers Association	Infrastructure at ACC Mumbai Air Cargo Complex, Mumbai being the premier complex of the country requires major infrastructural improvement. Proper infrastructure is required to be developed in time bound manner which will help to increase and handle the additional growth in air cargo trade volumes. It presently handles 45% of the air cargo traffic. The abolition of octroi is likely to increase the cargo movement from the airport. Cargo is presently still being handled from the tarmac area. <i>Representative of MIAL</i> informed that a new export terminal to handle 3 lakh MT per annum was opened recently with a throughput from the terminal of 17000 MT per month. Year-on-Year increment of export is 15% and 19% as on date. New pharma and agro warehousing is under development which can handle 5 lakh MT per annum. A new truck parking area of 400 trucks has been built and the truck dock enhanced to handle 100 trucks. The new import terminal is being redesigned to handle the growth and deliver. He mentioned that on an average they handle 900-1000 T/day import cargo and 700-800 T/day export cargo. It was mentioned that there has been a reduction in dwell time from 6.5 to 4 days in the delivery of the import cargo and there is adequate space available. The delivery can be increased during the morning hours with proper planning by the CHAs.	M/o Civil Aviation to visit the facility to take stock of the adequacy of the infrastructure.
	Delhi International Airport Ltd. (DIAL)	Frequent breakdowns in Customs EDI System (ICES) The Representative informed that there are	CBEC to provide the feedback of the timelines by which the upgraded EDI System will be put in

		<p>frequent breakdowns causing delays in the clearance, missed connections, difficulties for the EXIM trade. The upgradation of the system may be done on priority in a time bound manner.</p> <p><i>Representative of CBEC</i> informed Project "Shaksham" to upgrade the hardware of EDI System (ICES) is under implementation and will be fully functional soon.</p> <p><i>Representative of Air Cargo Forum of India</i> mentioned that in an earlier ACLPB meeting it was informed that the upgradation would be completed by August 2017.</p>	use.
	Delhi International Airport Ltd. (DIAL)	<p>Integration of Segregation report messages</p> <p>On receipt of the IGM details the terminal operators segregate the cargo and cargo segregation report of Import flight is being electronically submitted to Customs. Hard copies are also being provided to Customs simultaneously. The electronic data submitted must be integrated with the Customs system. Customs may reconcile the data with the manifest already available with them. The submission of hard copies may be done away with.</p> <p><i>Representative of CBEC</i> informed that it has already integrated the segregation message being sent by the terminal operator with its system.</p>	CBEC may clarify the issue of submission of hard copies after reconfirming the same from their system.
	Delhi International Airport Ltd. (DIAL)	<p>IGM Inward Entry to be made Online</p> <p>The representative informed that IGM Inward Entry for import flight is currently being done manually. The Airlines representative has to approach Customs officer to get the entry done in the Customs System.</p>	CBEC was asked to hold consultation with air cargo operators and airlines to work out the best possible way through which the arrival time of the aircraft carrying the cargo could be updated online on real time basis in the system of CBEC.
	Delhi International Airport Ltd. (DIAL) The Air Cargo Agents Association of	<p>Part Shipment Amendment to be Online</p> <p>Permission for amendment to IGM for part-shipment is obtained manually since Import Cargo Segregation Report is not integrated with Customs system.</p> <p><i>Representative of CBEC</i> informed that it has</p>	CBEC to examine the limitation under Section 15 of the Customs Act and consider suitable amendment.

	<p>India</p>	<p>already integrated the segregation message being sent by the terminal operator with its system.</p> <p>Regarding cases of short landing case, this permission delays the process by 3 to 7 days. This delay is clearly perceivable in flights which are not very frequent.</p> <p><i>Representative of Air Cargo Forum of India</i> mentioned that part cargo would still not be delivered due to Section 15 of the Customs Act where duty leviable is on arrival. Internationally part shipments are released based on payment of full duty. Customs presently examine and levy duty based on packing list.</p>	
	<p>Delhi International Airport Ltd. (DIAL)</p>	<p>Custodian to be authorized for operating Import Delivery & Examination Gates</p> <p>The 24/7 operations are in place for the last two years but not in true sense. Airlines, terminal operators presently operate 24 hours a day. The Import Delivery and Examination Gates are managed (opened and closed) by the Customs officials after 9.30 pm. This results in non delivery of cargo which is customs cleared and duty paid after the time. As custodians are responsible for the cargo received they may be permitted to operate the gates also.</p> <p>Representative of M/o Civil Aviation mentioned that a reference has also been made by them also in this regard.</p>	<p>CBEC to review the process of closure of the gates.</p> <p>MoCA to provide a copy of the minutes in which the issue was flagged.</p>
	<p>Delhi International Airport Ltd. (DIAL)</p> <p>Airport Authority of India</p>	<p>Elimination of Custom's Permission/Signature while processing Transshipment</p> <p>MoCa has been promoting aviation hubs in India. Transshipment cargo which comes to Indian airports is less than 5%. Any cargo which needs to connect to another flight requires the Customs permission physically. The shipments are not entering into any cargo Terminal and are on the airside. This manual permissions process has to be removed to promote the airports as a transshipment hub.</p> <p>The inward and outward manifest can be reconciled as they are automated. Customs may watch the manifest electronically as done in big international airports. This is likely to reduce the cost for exim cargo also.</p>	<p>DIAL to confirm the implementation aspects of the integration.</p>

		<p><i>Representative of MoCA</i> informed that a sterile area has been created by DIAL. DIAL informed that the area has been approved by Customs but a document is yet to be created.</p> <p>Representative of CBEC informed that system has been integrated in this respect.</p>	
	Delhi International Airport Ltd. (DIAL)	<p>Unable to use BUP (Built Up Units) Product (Customs & BCAS)</p> <p>The Representative mentioned that BUP (Built Up Units) are not popular at Indian Airports due to (a) onsite Customs check and (b) non-availability of relevant technology to do Pallet level screening. This makes the process to handle loose cargo inefficient, cumbersome and adds significantly to dwell time</p>	M/o Civil Aviation to create suitable infrastructure in consultation with CBEC.
	Delhi International Airport Ltd. (DIAL) The Air Cargo Agents Association of India Airport Authority of India	<p>Requirement of Multiple of Bonds for Truckers/ Airlines to conduct bonded operations.</p> <p>Currently anyone who wants to operate bonded services at more than 1 Station (irrespective of mode of transport) they need to file a bond at each respective location with Customs. Therefore one requires multiple bonds for running a multicity Hub and Spoke Bonded Operations, making the Hub operation expensive, inefficient and cumbersome.</p> <p>Representative of CBEC mentioned that the central registration of all operators is under consideration and will resolve the issue.</p>	CBEC to examine the issue of single bond for all the customs location across the country in its effort to ensure central registration.
	Delhi International Airport Ltd. (DIAL) Airport Authority of India	<p>Time consuming and redundant X-Ray process in Transshipment</p> <p>The transshipment cargo needs to be re-screened in transit, especially when it is originating from an International location. This is not in line with the practice followed at other International Hubs.</p> <p><i>Representative of BCAS</i> informed that the cargo of countries where mutual agreements are in place need not be re-screened.</p>	MoCA/BCAS to share the list of countries with which agreements exist.
	Delhi International Airport Ltd. (DIAL)	<p>Lack of clarity on Cabotage Policy :</p> <p>The International Carrier/Freighters are not allowed to carry 'International Cargo' on domestic routes even when they are operating with two or more stations within India. This restricts them from transferring cargo from one</p>	No further action required.

		<p>international flight to another international flight at the respective Indian airport thereby limiting the ability of Indian Airports to act as Cargo Hubs. (This activity, is then conducted, at another foreign airport, shifting this Hub activity away from our Indian airports aircraft). Example BLR/DEL/FRA, cargo ex BLR is routed via DEL but remains on board. (Variance of 5th/ 6th Freedom - touching 2 points in one country)</p> <p><i>Representative of DGCA</i> informed that there is no international practice in any country presently. The 8th freedom right is also not under consideration. The open sky policy also does not allow cabotage. The foreign liners can make arrangements with the local carrier. Code share possibility can be explored for freight also.</p> <p><i>Representative of MoCA</i> informed that the domestic freighter industry is being promoted as a policy. The induction of freighters and development of transshipment hubs go together and are being promoted as a policy. The utilization of belly space is still a cause of concern and the regional connectivity scheme is a step in this direction.</p>	
	<p>PHD Chamber of Commerce and Industry</p>	<p>There is huge potential for artisans in small cities because of the online market available through courier. The commercial package value of courier sent cannot be more than Rs 25000/- which restrict the use of courier services for export. CBEC may consider increasing the limit. In the e-commerce transactions RBI has increased the remittance of online payment gateway to US\$ 10000 per shipment.</p> <p><i>Representative of Express Industry Council</i> requested that the limit may be increased.</p> <p><i>Representative of FIEO</i> informed that the e-commerce trade is affected due to the low limit of courier shipment. Under e-commerce designer/handicraft products have much larger value. Recently CBEC has also notified the Courier Shipping Bill for e-commerce transactions but it is being implemented in manual mode at certain location. DGFT has notified only 5 products for MEIS benefits with an application fee of Rs 1000 and can be obtained on submission of realization documents. There is no e-BRC issued in the</p>	<p>CBEC to examine the limit for commercial courier cargo.</p>

		<p>case of such payments as the money is remitted to the individual account and proof of remittance is FIRC. An FIRC is obtained on payment of approx Rs 2500. The export value is also not included in the export figures.</p> <p><i>Representative of MoCA</i> mentioned that the department is attempting an online e-cargo portal to enable shipping of cargo.</p>	
	Airport Authority of India	<p>Exemption from Customs Cost Recovery charges for AAICLAS at Tier-II/III Cities Airports</p> <p>The Representative mentioned that considering the fact that Int'l cargo facilities at Tier -II/III cities are created to facilities the Exporter at these airports inter-alia to fulfill its sovereign, socio-economic obligations, AAI (AAICLAS now) has taken up the matter with MoF through M/o Civil Aviation justifying the review of the Customs Cost Recovery charges at Tier-II/III cities airports but the exemption in charges is still a distant reality for AAICLAS as a result of which it is not able to breakeven. It was informed that the value of goods in some of the facilities is large but volumes are low. It was requested that the values of export cargo be also considered for such facilities in lieu of volumes for exempting cost recovery charges.</p> <p><i>Representative of CBEC</i> informed that the cost recovery charges are to ensure that the posting of staff is permitted by the Department of Expenditure and are presently exempted after the achieving of a certain volume of cargo</p>	<p>CBEC to examine the criteria fixed for giving exemption from payment of customs recovery charges. CBEC may consider such exemption based on the value of the cargo and not on the volume of the cargo alone.</p> <p>CBEC to ensure that staff is posted at all locations to ensure clearance of cargo on time.</p>
	<p>Airport Authority of India (AAI)</p> <p>The Air Cargo Agents Association of India (ACAAI)</p>	<p>Shortage of other Regulatory Agencies officials at International Cargo facilities for expeditious processing of EXIM Cargo</p> <p>The Representative mentioned that while AAI/AAICLS is creating new Int'l cargo facilities at Tier-II/III cities, the delay & non-deployment of Customs, Plant Quarantine, Asstt. Drug Controller, Animal Quarantine Officer (s) etc. is resulting in delay in expeditious clearance of Export Cargo which results in poor growth of air Cargo.</p> <p><i>Representative of the ACAAI</i> requested that the concerned authorities are necessarily to be posted on a regular basis.</p>	<p>AAI / ACAAI may furnish the information relating to the posting of officials at the various Tier II/III airports along with volumes of cargo projected based on the local industry so that the concerned departments may consider posting of staff.</p>

	<p>The Air Cargo Agents Association of India (ACAAI)</p>	<p>Worldwide there is a practice of Advance Import General Manifest (IGM at "Wheels Up"). It is requested that the advance filing of IGM should be done here also and electronic integration of date and time entries be done.</p> <p><i>Representative of DIAL</i> clarified that the IGM even today is done in advance on wheels up and IGM number issued prior to the landing of the aircraft. The delay occurs due to mentioning of the inward date entry/ touchdown time manually.</p> <p><i>Representative of CBEC</i> informed that the department is in the process of preparing the air cargo manifest regulations. entry inwards is given on system by the Customs authorities. Recently the ICETAB mobile application enables the Customs official to enter the details.</p> <p><i>Representative of DIAL</i> further responded that the airport operator provides the details to the airlines, who in turn provide it to the Customs for entry in the system. He mentioned that the airport systems are also linked to the Customs systems and the entries could be transmitted electronically so that there is seamless transition.</p> <p><i>Representative of Air Cargo Forum of India (ACFI)</i> mentioned that the details could be obtained from the ATC also.</p>	<p>CBEC to consult the airlines and the aircargo agents before the issue of the aircargo manifest regulations.</p> <p>Airport Authority of India and CBEC to enable electronic recording of inward date and time of the aircraft.</p>
	<p>The Air Cargo Agents Association of India (ACAAI)</p>	<p>Bonded facilities to be made available for reimport shipments.</p>	
	<p>The Air Cargo Agents Association of India (ACAAI)</p>	<p>All airlines have security declarations which are in different formats which are approved by BCAS. A physical copy is sought at various stages of examination. All the airlines may have a single format and may do away with the physical copy.</p> <p><i>Representative of BCAS</i> informed that an online format is to be filled by all the entities since Dec,2017.</p>	<p>BCAS may standardize procedures on who is to provide the declaration and formats.</p>
	<p>The Air Cargo Agents Association of India (ACAAI)</p>	<p>As the shipper is penalized for delay in payment of duty and forwarders penalized with demurrage charges, there is a need for fixing of operational parameters and Standard Operating Procedures (SOPs) for cargo operations of Airport Operators and</p>	<p>MoCA to ensure compliance of the SLA.</p>

		<p>Custodians.</p> <p><i>Representative of MoCA</i> informed that the draft service level agreements have been circulated wherein the dwell times to be achieved have been mentioned.</p>	
	The Air Cargo Agents Association of India (ACAAI)	<p>Courier Cargo Related Issue</p> <p>(a) Procedures for Customs clearance of courier cargo to be made applicable for general cargo.</p> <p>(b) Strict weight restrictions for courier shipments as per applicable regulations to be observed at all airports.</p>	CBEC to ensure compliance.
	The Air Cargo Agents Association of India (ACAAI)	<p>Non-inclusion of holidays in free period until all related agencies implement 24 x 7 functioning at airports.</p> <p><i>Representatives of AAI and DIAL</i> informed that holidays are not counted.</p>	MoCA to examine the issue with airport operators
	The Air Cargo Agents Association of India (ACAAI)	Zero rating under GST for services related to export cargo.	D/o Revenue may examine the request.
	APEDA	<p>Price increase in air freight charges during the peak season of perishable items is a cause of concern. E.g Mango. It was desired that perishable items like fruits and vegetables should not be treated as valuable commodities for calculating the freight charges. Uniform and competitive freight charges for different perishable items should be charged during the peak season.</p> <p><i>Representative of ACAAI</i> mentioned that the freight prices are market driven.</p> <p><i>Representative of AI Cargo</i> mentioned that discounts are being offered in sectors like Lucknow. All perishable goods are carried at the same rate.</p>	M/o Civil Aviation to look into the issue in consultation with air freight operators.
	APEDA	<p>There are space constraints for shipping of perishable items during the peak season. Airlines may examine the feasibility of allocating earmarked space for shipping.</p> <p><i>Representative of DIAL</i> informed that efforts are being made to promote movement of perishable agri commodities.</p>	M/o Civil Aviation may coordinate with the cargo and freight handling fraternity to discuss the issue of earmarking some designated space for storage of perishable items in some sectors.
	APEDA	There is a need to establish a green channel	MIAL/AI to ensure early

		<p>for clearance of perishable and food cargo at various airport specially at Mumbai Airport. Considering the nature of the cargo urgent steps are needed to be taken to cut short the long queue for clearance.</p> <p><i>Representative of ACFI</i> informed that additional area is being created for addressing the space constraint for managing perishable cargo. A special zone would be created the handling the cargo.</p>	clearance by expanding the area.
	APEDA	In view of the increasing exports by air and international flights operating from the newly formed state of Andhra Pradesh Vijayawada Airport may be notified as a port for export.	CBEC to notify Vijayawada airport as port of export.