

PERFORMANCE OF IMPORT AND EXPORT TRADE FACILITATION THROUGH CUSTOMS PORTS

[Action Taken by the Government on the Observations/Recommendations of
the Committee contained in their Seventy-fifth Report (16th Lok Sabha)]

MINISTRY OF FINANCE

PUBLIC ACCOUNTS COMMITTEE
(2017-18)

NINETY-SEVENTH REPORT

SIXTEENTH LOK SABHA



LOK SABHA SECRETARIAT
NEW DELHI

NINETY-SEVENTH REPORT

PUBLIC ACCOUNTS COMMITTEE
(2017-18)

(SIXTEENTH LOK SABHA)

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EXPORT TRADE FACILITATION
THROUGH CUSTOMS PORTS**

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MINISTRY OF FINANCE



Presented to Lok Sabha on: 28.02.2018

Laid in Rajya Sabha on: 28.02.2018

**LOK SABHA SECRETARIAT
NEW DELHI**

March, 2018/Chaitra, 1940 (Saka)

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* Not appended in the cyclostyled version

COMPOSITION OF THE PUBLIC ACCOUNTS COMMITTEE
(2017-18)

Shri Mallikarjun Kharge - Chairperson

MEMBERS

LOK SABHA

2. Shri Sudip Bandyopadhyay
3. Shri Subhash Chandra Baheria
4. Shri Prem Singh Chandumajra
5. Shri Nishikant Dubey
6. Shri Gajanan Chandrakant Kirtikar
7. Shri Bhartruhari Mahtab
8. Smt. Riti Pathak
9. Shri Neiphiu Rioh*
10. Shri Abhishek Singh
11. Prof. Ram Shanker
12. Dr. Kirit Somaiya
13. Shri Anurag Singh Thakur
14. Shri Shivkumar C. Udasi
15. Dr. P. Venugopal

RAJYA SABHA

16. Shri Naresh Agrawal
17. Shri Satyavrat Chaturvedi
18. Shri Bhubaneswar Kalita
19. Shri Mohd. Ali Khan†
20. Shri Sukhendu Sekhar Roy‡
21. Shri Ajay Sancheti
22. Shri Bhupender Yadav

SECRETARIAT

1. Shri A.K. Singh - Additional Secretary
2. Shri T. Jaya Kumar - Director
3. Smt. Bharti S. Tuteja - Deputy Secretary

* Ceased to be a Member of Committee consequent upon acceptance of his resignation from Lok Sabha w.e.f. 22 February, 2018.

† Elected w.e.f. 29 December, 2017 in lieu of vacancy caused due to retirement of Shri Shantaram Naik.

‡ ceased to be a Member of Committee consequent upon his retirement from Rajya Sabha on 18 August, 2017 and re-elected w.e.f. 29 December, 2017.

INTRODUCTION

I, the Chairperson, Public Accounts Committee (2017-18), having been authorised by the Committee, do present this Ninety-seventh Report (Sixteenth Lok Sabha) on Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Seventy-fifth Report (Sixteenth Lok Sabha) on 'Performance of Import and Export Trade Facilitation through Customs Ports' relating to Ministry of Finance.

2. The Seventy-fifth Report was presented to Lok Sabha/laid in Rajya Sabha on 18th July, 2017. Replies of the Government to the Observations/Recommendations contained in the Report were received on 8th December, 2017. The Sub-Committee-III (Direct & Indirect Taxes) and thereafter Public Accounts Committee (2017-18) considered and adopted the Ninety-seventh Report at their sitting held on 23rd March, 2018. Minutes of the sitting are given at *Appendix-I*.

3. For facility of reference and convenience, the Observations and Recommendations of the Committee have been printed in thick type in the body of the Report.

4. The Committee place on record their appreciation of the assistance rendered to them in the matter by the Office of the Comptroller and Auditor General of India.

5. An analysis of the action taken by the Government on the Observations/Recommendations contained in the Seventy-fifth Report (Sixteenth Lok Sabha) is given at *Appendix-II*.

NEW DELHI;
23 March, 2018
02 Chaitra, 1940 (*Saka*)

MALLIKARJUN KHARGE,
Chairperson,
Public Accounts Committee

CHAPTER - I REPORT

This Report of the Public Accounts Committee (2017-18) deals with Action Taken by the Government on the Observations/Recommendations of the Committee contained in their Seventy-fifth Report (Sixteenth Lok Sabha) on “**Import and Export Trade Facilitation through Customs Ports**” based on the C&AG's Report No. 13 of 2015 relating to the Ministry of Finance-Department of Revenue-Central Board of Excise and Customs.

2. The Seventy-fifth Report (Sixteenth Lok Sabha), which was presented to Lok Sabha/laid in Rajya Sabha on 18th July, 2017, contained 08 Observations/Recommendations. Action Taken Notes in respect of all the Observations/Recommendations have been received from the Ministry of Finance and these have been categorized as under:

- (i) Observations/Recommendations that have been accepted by the Government:

Paragraph Nos. 1, 4, 5, 7 and 8

**Total: 05
Chapter- II**

- (ii) Observations/Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:

-NIL-

**Total: 00
Chapter- III**

- (iii) Observations/Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

-NIL-

**Total: 00
Chapter- IV**

- (iv) Observations/Recommendations in respect of which the Government have furnished interim replies:

Paragraph Nos. 2, 3 and 6

**Total: 03
Chapter- V**

3. The Action Taken Notes furnished by the Ministry of Finance on the Observations/Recommendations of the Committee contained in their Seventy-fifth Report (Sixteenth Lok Sabha) have been reproduced in the relevant Chapters of this Report. In the succeeding paragraphs, the Committee have dealt with the Action Taken by the Government on some of their Observations/Recommendations which either need reiteration or merit comments.

4. The Committee desire the Ministry of Finance to furnish Action Taken Note in respect of Observations/Recommendations contained in Chapter i and final action taken replies in respect of Observations/Recommendations contained in Chapter V for which interim reply has been given by the Government may be furnished within six months of the presentation of the report to the House.

I. Impact of Trade Facilitation measures
(Recommendation Para No. 2)

5. The Committee highlighted the fact that world trade is around 40 trillion dollars, out of which India contributes around one trillion dollar but the Strategic Plan of Department of Commerce (DoC) estimates a huge impact on the transaction cost due to poor facilitation. In this connection, it was observed that the impact as a result of the measures taken as specified in documents furnished by the Department is not reflected in the "Doing Business Report 2016" under the category 'Cost to Documentary Compliance in both Imports and Exports'. The Committee desired to know if DoC/DGFT have carried out any analysis of impact of these measures for improvement in trade facilitation and reduction in transaction cost. The Committee wished to be apprised of the mechanism adopted by the Department to monitor the time limits specified in the Strategic Plan. Further, the Committee noted that despite constitution of committees and task forces by DoC in 2005, 2009 and 2013 concomitant with the Foreign Trade Policies (FTP) to address the issue of high transaction cost in India and to suggest measures to reduce transaction cost and time impacting the Country's Foreign Trade transactions, the outcomes have not yielded desired returns. A task force on 'Transaction Costs in Exports' was constituted in 2009 by Ministry of Commerce (MoC) to look into various issues affecting the competitiveness of Indian exports and to initiate a set of executable remedial measures towards reducing the costs associated with trading across

borders. The committee had made 44 recommendations pertaining to seven ministries, out of which 33 recommendations were agreed upon. The Second Task force on 'Reduction in Transaction Costs in Exports' was constituted in 2013 to examine and identify difficulties that the exporters face and make actionable recommendation to reduce or eliminate them. The committee made 46 recommendations pertaining to nine ministries and 7 separate recommendations relating to Land Border crossing and other miscellaneous issues. The Committee noted that the recommendations were yet to be implemented by the related departments fully and wish that the DoC/DGFT may take up with other Ministries/ Departments for urgently implementing the recommendations. The Committee were of the considered view that there was a good scope to improve efficiency by streamlining procedures and felt that the Country's performance needed improvement in the indicators of trade infrastructure efficiency. Further, they noted that in overall logistic performance index, although India's score had improved over time, it was a continuous exercise. The Committee desired that DoC/DGFT may carry out an analysis of the impact of the measures taken by it for trade facilitation, take stringent steps against those who have not adhered to the timelines and prepare a plan for trade facilitation for next five years for reducing transaction costs further. The Committee desired that the compliance costs of the measures initiated by the Government may also be calculated to assess the costs vis-à-vis the benefits.

6. The Ministry in their Action Taken Notes have stated as under:

"Departments associated with international trade have taken a number of measures in the past few years for facilitating exports and imports. The overall effectiveness of these measures has been captured through the World Bank's Doing Business Reports released annually. The reports capture the efficiency of ease of exports and imports through its Trading Across Borders parameter. The reports show that India's performance has improved on many parameters. For example, report shows that the Time of export has come down. The border compliance time for exports has come down from 109.3 hours (2016 report) to 106.1 hours (2018 report). The documentary compliance time for exports has come down from 41.5 hours (2016 report) to 38.4 hours (2018 report). The report also shows that the Cost of export has come down. The border compliance cost for exports has come down from 101.7 hours (2016 report) to 91.9 hours (2018 report). The documentary compliance cost for exports has come down from 413.1 hours (2016 report) to 382.4 hours (in 2018 report). The border compliance cost for exports has come down from 109.3 hours (2016 report) to 106.1 hours (2018 report). The following table summarises the data reported by the World Banks in its

Trading Across Borders reports for the years 2016,2017 and 2018 (released on Oct 31, 2017).

Trade	Cost and Time Parameters	Doing Business Reports		
		2018	2017	2016
Exports	Time to exports			
	Documentary compliance (hours)	38.4	38.4	41.5
	Border compliance (hours)	106.1	106.1	109.3
	Cost to exports			
	Documentary compliance (US\$)	91.9	91.9	101.7
	Border compliance (US\$)	382.4	413.1	413.1
Imports	Time to Imports			
	Documentary compliance (hours)	61.3	61.3	63.3
	Border compliance (hours)	264.5	283.3	287.4
	Cost to Imports			
	Documentary compliance (US\$)	134.8	134.8	144.7
	Border compliance (US\$)	543.2	574	574

DGFT/DOC has implemented the following Trade Facilitation Measures in the past few years.

- a. **Reducing number of Documents:** Number of mandatory documents required for exports and imports have been reduced to 3 each for export and import. Earlier 7 documents were required for exports and 10 for imports. **DGFT in January 2016 has also specified that any violations in this regard should be brought to its notice.**
- b. **Reducing number of Schemes:** The New Foreign Trade Policy (2015-20) was launched on 1st April, 2015 with a focus on supporting both merchandise and services exports and improving the 'Ease of Doing Business'. DGFT consolidated 5 different incentive schemes under the earlier policy for rewarding merchandise exports into a single scheme, namely the Merchandise Exports from India Scheme. The replaced schemes are: Focus Product Scheme (FPS), Focus Market Scheme (FMS), Market Linked Focus Product Scrip (MLFPS), Vishesh Krishi and Gram Udyog Yojna (VKGUY), Agri. Infrastructure Incentive Scrip.
- c. PAN of firm is being issued as IEC by the DGFT wef July 1,2017. The process of making application and issuance of IEC is online and secure. IEC has also been integrated with the eBIZ portal of DIPP. IEC and EPCG applications have been integrated with the eNivesh portal implemented by PMG set up by the Cabinet Secretariat.

- d. Use of electronic bank realization certificate (eBRC) system has been extended. DGFT shares data generated by the electronic bank realization certificate (eBRC) system with 17 agencies. The eBRC system captures details of the foreign exchange received by exporters through the banking channel. So far DGFT has signed MOUs with 14 state governments 2 central government agencies and GSTN for sharing of the data. At the state level, Commercial Tax Departments of 14 states have signed MoU with DGFT for receiving e-BRC data for VAT refund purposes. These are: (i) Maharashtra, (ii) Delhi, (iii) Andhra Pradesh, (iv) Odisha, (v) Chhattisgarh, (vi) Haryana, (vii) Tamil Nadu, (viii) Karnataka, (ix) Gujarat, (x) Uttar Pradesh, (xi) Madhya Pradesh, (xii) Kerala, (xiii) Goa, (xiv) Bihar. In addition, Ministry of Finance, Enforcement Directorate, Agricultural & Processed Food Products Export Development Authority and GSTN have signed MoU.
- e. The 'Aayat Niryat' Forms used for making online application to DGFT, have been simplified bringing in clarity in different provisions, and enhancing electronic governance.
- f. Web Portals
- DGFT has launched a new look website making it more user-friendly and easy to navigate. DGFT website has a large dynamic component whereby the trade community can file applications online for IEC and various other schemes of DGFT. The exporters can also see the status of their electronic Bank realization certificates in almost real-time. The website is rich in content with all documents related to Foreign Trade Policy along with a responsive online grievance redressal system.
 - Indian Trade Portal launched by Department of Commerce and managed by FIEO displays information useful for export import. It contains the Trade enquiries uploaded by Indian trade missions, Tariff and Trade data of India's major trade partners, Export Market Reports, and Trade Agreements etc.
 - EXIM Dashboard launched at the commerce.gov.in website. Allows users a graphical understand of India's export and imports at the product, country and port level. Popular with exporters on account of useful data depicted in uncomplicated manner.
- g. DGFT: Facilities for Complaint Resolution
- Contact@DGFT system has been activated at the DGFT website (www.dgft.gov.in) as a single point contact for resolving all foreign trade related issues. Exporters/Importers use this facility for resolution of foreign trade related issues either directly concerning DGFT (headquarters or regional offices) or concerning other agencies of the Central or State

Governments. A reference number is issued for each request so that the status of action taken can be tracked. Effective monitoring arrangements have been made.

- DGFT maintains an active Twitter handle (#DGFTINDIA) with more than 26400 followers. Responses to tweets sent to CIM's account and DGFT handle are managed through the Twitterseva service and more than 7200 tweets have been replied to w.e.f Apr 2016 with an average reply time of less than 12 hours.
 - Grievances on policy, procedure and implementation issues registered at the Public grievances portal of Department of Administrative Reforms & Public Grievances are handled promptly.
- h. Outreach & Niryat Bandhu Scheme-In the last two years, 50,000 new and prospective exporters have attended the Niryat Bandhu outreach programs through the regional offices of DGFT. DGFT conducted outreach activities at 34 clusters, as part of Niryat Bandhu. In addition, an online training programme has been started with the IIFT for first time entrepreneurs."

7. The Committee were of the view that there was substantial scope to improve efficiency by streamlining procedures to improve country's performance in the indicators of trade infrastructure efficiency. The Committee had desired that Department of Commerce (DoC)/Director General of Foreign Trade (DGFT) may carry out an analysis of the impact of the measures taken by it for trade facilitation, take stringent steps against those who have not adhered to the timelines and prepare a plan for trade facilitation for next five years for reducing transaction costs and the compliance costs of the measures initiated by the Government may also be calculated to assess the costs vis-à-vis the benefits. The Committee note from the reply of the Ministry that the DoC has taken a number of measures in the past few years for facilitating trade and the effectiveness of these measures has been captured through the World Bank's Doing Business Reports released annually which shows that documentary and border compliance costs for both imports and exports have come down. The Committee desire that a comparative statement of the border and compliance costs of trading in India vis-a-vis other countries like China, USA, Brazil and South Asian Association for Regional Cooperation (SAARC) countries may be furnished to evaluate the effectiveness of efforts made by the DoC. The Committee while noting that DoC has not taken any action towards either

impact or cost-benefit analysis and has only referred to the World Bank Data exhort them to carry out the same to derive assurance that importers and exporters have actually benefitted by the measures implemented by the DoC. The Committee are unhappy to note that the status of implementation of the recommendations of both the task forces constituted by the DoC has not been furnished as desired by the Committee in their original Report and desire the same may be furnished within one month of the Presentation of the Report to the House.

II. Key Performance Indicators
(Recommendation Para No. 4)

8. The Committee noted with appreciation that there was downtrend in dwell time, decreasing from 13.94 days during 2010-11 to 10.95 days during 2013-14 and feel that this could be further improved by implementing the trade facilitation measures initiated by CBEC more effectively. They also noted that almost 65 per cent of the total time taken in imports is attributed to the filing of the BEs and payment of duty while in exports filing of the EGM constituted nearly 90 per cent of the total time taken. The Committee also noted 22 per cent of the IGMs were found to contain errors which required corrections. Also, a major anomaly is non-declaration of the destination port which is almost 50 per cent of the IGMs filed at major sea/air ports. The Committee observed that there were delays in allotment of berths by Port Authorities, in clearing the goods by the importers at Ports, in rectification of errors in Import General Manifests (IGM), in filing of BEs by the Importers, non-mandatory filing of BEs through ICEGATE, manual registration of licenses with the Custom houses and in furnishing reply to the queries raised by the department, examination by other Agencies, payment of duty/refund and or drawback, in filing of Export General Manifests (EGM) and rectification of errors etc. The Committee were of the considered view that efficiency at the ports need to be improved by updating ICEGATE to minimize breakdowns, making e-filing of BEs and EGMs mandatory, full use of 24x7 facility, pre-clearance of consignments by Custom authorities, opening running accounts of registered traders, making ACP/AEO schemes user friendly and rectification of errors easier. The Committee felt that permitting minor amendments in IGM by the shipping line/shipping agents online instead of going to the service centre may reduce the dwell time and if the need be provide for amendments to the

Customs Act, 1962 for their suitability in smooth handling of cargo at ports for faster facilitation. The Committee also felt that the Department may consider easing the procedures to help importers by launching a Mobile App for filing error free IGM/BE/EGM/SB, uploading scanned documents, allowing rectification of minor errors, adjustment of excess duty paid due to short landing etc. by opening a wallet.

9. The Ministry in their Action Taken Notes have stated as under:

"With regard to the above observations, Committee is of considered view that efficiency will be enhanced by following measures. Ministry reply against each measure is given:

- (i) **Updating ICEGATE to minimize breakdowns-** Under CBEC's Project SAKSHAM, new IT hardware has been commissioned and migration of C.B.E.C.'s e-services to the new hardware is underway. Once all services are migrated, disruptions would be minimal. The working of ICEGATE is being monitored to achieve optimization and minimize the inconvenience on account of technical glitches and network disruptions.
- (ii) **Making e-filing of BEs and EGMs mandatory-** Majority of Bills of Entry are being filed through e-filing. Filing of Bill of Entry through a Service Centre is an additional facilitation measure.
- (iii) **Full use of 24x7 facility-** CBEC has been making efforts to encourage importers/exporters to make full use of 24x7 facility. Field formations are reaching out to the stakeholders to encourage them to optimally make use of the facility.
- (iv) **Pre-clearance of consignments by Custom authorities-** CBEC intends to introduce this measure as a trade facilitation measure and an instrument to reduce dwell time. However, it is felt that prior to introduction of this measure, thorough discussions are required as introduction of this measure would entail statutory as well as procedural changes.
- (v) **Opening running accounts of registered traders-** Same reply as (iv) above.
- (vi) **Making ACP/AEO schemes user friendly and rectification of errors easier-**

Vide Circular No. 33/2016-Customs dated 22thJuly, 2016, CBEC has decided to merge the two facilitation schemes namely ACP (Accredited Client Programme) and AEO (Authorized Economic operator) into a combined three-tier AEO programme, to enhance the scope of these programmes so as to provide further benefits to the entities who have demonstrated strong internal control system and willingness to comply with

the laws administered by the Central Board of Excise and Customs. Now, a comprehensive unified trade facilitation AEO programme has been developed by incorporating the existing ACP scheme and ongoing AEO programme, in the light of international developments, as well as in view of the focus of the Government of India on "Ease of Doing Business".

Further regarding rectification of errors, CBEC has taken a number of steps like issuing notification no. 35/2017-Customs (N.T.) dated 11.04.2017, decentralizing the minor amendment process by making Superintendent or Appraiser of Customs as the proper officer, notification no. 36/2017-Customs (N.T.) dated 11.04.2017 to amend the Levy of Fees (Customs Documents) Regulations, 1970, levying fees for amendments so that minor amendments are decided without recourse to adjudication or levy of penalty and at the same time levy of fee discourage the tendency to file amendments. However, no amendment fee shall be levied in respect of advance Bill of Entry, where amendment is necessitated due to amendment in import manifest. Further, suitable instructions have been issued for timely approval of amendments.

- (vii) **Permitting minor amendments in IGM by the shipping line/shipping agents online instead of going to the service centre may reduce the dwell time-** In this regard, steps have already been initiated to cut down errors in IGM. The board vide circular 14/2017 has notified procedures for carrying out minor amendments in IGM. The circular mandates that all minor amendment application are disposed of on the same day of filing the amendment application and also not resorting to recourse of adjudication and levy of penalty. In case of major amendments also, it has been necessitated that the amendment applications are disposed of by 24 hours else they are escalated to officers at the rank of Joint/Additional Commissioners.
- (viii) **launching a Mobile App for filing error free IGM/BE/EGM/SB-** Recommendation has been forwarded to Directorate of System for examination and check the feasibility of recommendation.
- (ix) **uploading scanned documents**
Utility for the uploading scanned documents has been developed and it is currently under testing
- (x) **allowing rectification of minor errors-**

In this regard, CBEC has taken a number of steps like issuing notification no. 35/2017-Customs (N.T.) dated 11.04.2017, decentralizing the minor amendment process by making Superintendent or Appraiser of Customs as the proper officer, notification no. 36/2017-Customs (N.T.) dated 11.04.2017 to amend the Levy of Fees (Customs Documents) Regulations, 1970, levying fees for amendments so that minor amendments are decided

without recourse to adjudication or levy of penalty and at the same time fee is levied to discourage the tendency to file amendments. However, no amendment fee shall be levied in respect of advance Bill of Entry, where amendment is necessitated due to amendment in import manifest. Further, suitable instructions have been issued for timely approval of amendments.

- (xi) **adjustment of excess duty paid due to short landing etc. by opening a wallet-** As no such provision exist in the Customs Act, 1962, for creation of running account /wallet, the recommendation would be considered for amendment in the Customs Act, 1962.

Committee further observed that manual registration of licenses with the Custom houses, furnishing reply to the queries raised by the department, examination by other Agencies and payment of duty/refund and or drawback also result in delays. In this regard, instructions have been issued to all field formations to ensure that unwarranted delays are avoided."

10. The Committee opined that efficiency at the ports needs to be improved by updating ICEGATE to minimize breakdowns, making e-filing of Bill of Entry (BEs) and Export General Manifests (EGMs) mandatory, full use of 24x7 facility, pre-clearance of consignments by Custom authorities, opening running accounts of registered traders, making Accredited Client Programme (ACP)/ Authorized Economic Operator (AEO) schemes user friendly and rectification of errors easier and felt that permitting minor amendments in Import General Manifests (IGM) by the shipping line/shipping agents online instead of going to the service centre may reduce the dwell time. The Ministry further stated that the Department may consider easing the procedures to help importers by launching a Mobile App for filing error free IGM/BE/EGM/Shipping Bill (SB), uploading scanned documents, allowing rectification of minor errors, adjustment of excess duty paid due to short landing etc. by opening a wallet. The Committee note that the CBEC has initiated measures to enhance the efficiency at the ports and that the manual filing of BE through a Service Centre is an additional facilitation measure. The Committee desire that internal controls be strengthened for all manual transactions and 100% internal audit be provided for to ensure that such transactions have been done on genuine grounds. Further, the Committee note that migration of CBEC's e-services to the new hardware is underway and

desire that the same may be done in a prescribed time frame to minimize inconveniences to the users.

**III. Delay in Clearing the Goods by the Importers at Ports
(Recommendation Para No. 5)**

11. The Committee noted with apprehension that in JNPT, Mumbai and ACC, Chennai, nearly 40 per cent of the goods were cleared by the importers beyond the free period of three days during 2010-11 to 2013-14 adding to the cost of goods as demurrage charges on the imports. The Committee while opining that any delay on the part of the importers in clearing the goods should be dealt with by imposing penalties are of the view that time frames be prescribed for clearing the goods by the various authorities (Customs, FSSAI, Textiles Committee, plant/animal quarantine, Drug Controller, Wildlife Control Bureau etc.) and any procedural delays be only condoned by senior most officers.

12. The Ministry in their Action Taken Notes have submitted as under:

"In order to address the issue of delayed clearance of goods, beyond free period of three days, suitable regulations have been framed, making it mandatory to file the bill of entry before the end of the next day following the day (excluding holidays) on which the aircraft or vessel or vehicle carrying the goods arrives at a customs station at which such goods are to be cleared for home consumption or warehousing. Where the bill of entry is not filed within the time and the proper officer of Customs is satisfied that there was no sufficient cause for such delay, the importer has been made liable to pay charges for late presentation of the bill of entry. Further, the concerned wing of CBEC has obtained Service Level Standard (SLS) of Partner Government Agencies (PGAs). The SLS of the PGAs are being published on the ICEGATE website for information of the trade."

13. The Committee while opining that any delay on the part of the importers in clearing the goods should be dealt with by imposing penalties had desired that time frames be prescribed for clearing the goods by the various authorities (Customs, Food Safety and Standards Authority of India (FSSAI), Textiles Committee, plant/animal quarantine, Drug Controller, Wildlife Control Bureau etc.) and any procedural delays be only condoned by higher authorities. The Committee note from the reply of the Department that where the BE is not filed within the time and the proper officer of Customs is satisfied that there was no sufficient cause for such delay, the importer has been made liable to pay

charges for late presentation of the Bill of Entry. Further, the concerned wing of CBEC has obtained Service Level Standard (SLS) of Partner Government Agencies (PGAs) which are being published on the ICEGATE website for information of the trade. The Committee are of the view that since all agencies are functioning under the National Committee on Trade Facilitation (NCTF) for trade facilitation, the time frames for clearance of goods be fixed for each of the agency concerned by the NCTF and in addition to publishing of the SLS of PGAs, a consolidated chart of timelines of all departments/agencies may also be uploaded on the website. The Committee also desire that provision may be made for punitive action against the officials of the agencies concerned for not adhering to the timelines and a statement of such irregularities and the action taken thereon be placed before the NCTF for their perusal.

**IV. Other Factors affecting facilitation
(Recommendation No.8)**

14. The Committee were dismayed to note that lack of infrastructure facilities like port to road connectivity, rail infrastructure to move containers to ICDs and non-coordination between all the relevant stake holders for improving the infrastructure were adversely affecting the trade facilitation measures initiated by the Government. The Committee while acknowledging that the National Committee on Trade Facilitation (NCTF) has been constituted with representatives from various Ministries/ Departments desired that duplication of efforts should be looked into by the NCTF and the procedures should be streamlined with no repetitions. The Committee were of the strong opinion that integration of all procedures and coordination between all involved should be ensured by the NCTF. The Committee further noted that the 24X7 facility requires that the staff of all the agencies involved are also available round the clock. The Committee desired that the issue of providing officers of all agencies involved be also taken up by the NCTF. The Committee also desired that the NCTF take up the issues relating to the courier industry which provides solution to quick movement needs of the e-commerce and bring out comprehensive guidelines for immediate release of consignments by the customs. The Committee were dismayed to note the lackadaisical approach of Department of Commerce and Ministry of Textiles in initiating/implementing trade facilitation measures. The Committee desired

the Cabinet Secretary to convene meetings of the various Ministries/Departments regularly besides the meetings of the NCTF to monitor their progress and contribution. The Committee also desired that the Ministries/Departments/Agencies involved be pro-active in their approach and put forward all their problems, suggestions in the meetings of the NCTF and ensure their follow-up. The Committee desired that the minutes of the meetings of the NCTF be furnished to the Committee for perusal.

The Committee while noting that the Single Window Interface for Facilitating Trade has been implemented by the CBEC hoped that all the stakeholders would work in tandem so that all approvals and clearances are given online without any manual interventions. The Committee also desired that timeframes may be prescribed for all the agencies whose approvals are needed mandatorily. The Committee were of the view that an integrated RMS is essential for all the agencies also to accord approval within a given timeframe. The Committee while noting that printouts of the online submissions still need to be presented at the ports were of the view that all ports be instructed to accept submissions on-line. The Committee also desired to be apprised whether the CBEC has installed a feedback mechanism on the operations through SWIFT and the action taken on the feedback received. The Committee also desired that to minimize inconvenience to the traders and to reduce transaction costs the software should be adaptable to modifications needed due to any amendments in the provisions or any feedback received. The Committee while noting that the intimation of any amendments/changes to the Act/Rules/Procedures/Duties reaches the ports after a substantial delay desire that the notifications may be intimated to all the ports on real time basis. The Committee also felt that Customs and Excise portals be also integrated for factory stuffing permissions, adjusting duties etc.

The Committee while noting that the Directorate of Revenue Intelligence (DRI) mandated to deal with the work relating to the collection and study of information on smuggling activities and the deployment of all anti-smuggling resources at the all India level under the Central Board of Excise and Customs were of the view that DRI is also a trade facilitator as initiating measures to prevent illegal trade eventually facilitates trade. The Committee were, therefore, of the view that fool-proof procedures be evolved to enhance efficiency of intelligence gathering and

application along with a uniform investigation protocol. The Committee were of the view that the DRI should make use of the latest technology and scientific methods for detentions/seizures.

Further, with manifold increase in trading across borders, the Committee observed that the number of disputes and litigations were also set to rise. The Committee were of the view that the Ministry should have a robust mechanism for settlement of disputes to minimize litigations. The Committee opined that the Ministry may think of a separate trade dispute resolution mechanism for expediting the settlement of trade disputes in a time bound manner.

The Committee noted that the lack of last mile connectivity had adversely affected India's trade facilitation efforts and the projects facing delay include the Chennai-Ennore port connectivity project, and the elevated four-lane link road from Chennai to Maduravoyal. Other issues hampering logistics include lack of rail infrastructure to move containers to inland container depots (for reasons such as line congestion, limitations in loading of containers), and lack of feeder network at the international container transshipment terminal. The Committee were also dismayed to note the lack of transparency and reasonableness in the various charges levied by the shipping lines and their agents in export-import (EXIM) trade.

The Committee while noting that Sagar Mala project was a initiative to modernize the existing Ports into modern world class Ports and integrate the development of the Ports, the Industrial clusters and hinterland and efficient evacuation systems through road, rail, inland and coastal waterways resulting in Ports becoming the drivers of economic activity in coastal areas are of the opinion that all related projects should be time bound and since most of the projects under the project are to be based on PPP mode, the interests of the Government should be secured. The Committee hoped that timely execution of the Sagar Mala project would improve logistical efficiency, thereby reducing transaction costs.

The Committee were of the considered opinion that freight and other charges across all the modes of transport should be rationalized to reduce transaction costs. The Committee observed that shipping lines collect terminal handling charges of the port authority which is much higher than the actual charges of the port authorities. Also, the Committee understood that these shipping lines impose arbitrary freight

charges making exports unviable in some cases. The Committee were of the view that a regulator may be appointed for controlling operations of shipping lines. Similarly, the Committee opined that Railway freight charges should also not be increased to subsidize other segments as these hikes make Indian products non-competitive in the world market. Further, the Committee desired effective measures may be taken urgently for easing of congestion, improvements in loading capacity and availability of feeder networks.

The Committee while noting from the submission of Ministry of Textiles that only in 12 locations, single sign up facility had been given to them, VPN in nine locations and issuing receipts of samples through the system has started in four locations desired that the whole process be made on-line at all the locations at the earliest.

In view of the delays in executing Chennai-Ennore Port Connectivity Project and Four Lane Elevated Link Road from Chennai to Maduravoyal due to differences with the State Government, the Committee were of the considered opinion that an agreement/MoU with State Governments be invariably made before taking up such projects to avoid disputes at later stages.

15. The Ministry in their Action Taken Notes have submitted as under:

"The observations/recommendations also pertain to DoC/DGFT/MoShipping. However, with regard to observations related to Department of Revenue, it is stated that at the first meeting of the NCTF held on 28/10/2016, it was suggested by the Revenue Secretary to do away with the multiplicity of committees overseeing trade facilitation at various levels and for subsuming all other such committees in Commerce, Shipping and Civil Aviation Ministries. The suggestion was endorsed by the Chair and it was decided that henceforth, NCTF will be the single high level national body for trade facilitation. The committee will aim for simplification, standardization, harmonization and integration of all trade related processes and procedures and will attempt to avoid any duplication in such efforts. In the first meeting of the NCTF held on 28/10/2016, the Cabinet Secretary directed all ministries and governmental organizations to expedite the actions to simplify the procedures, to reduce time and costs involved in the procedures, to introduce technology to eliminate human interaction in routine tasks and to augment infrastructure required for the processes to run smoothly. He also highlighted it to all agencies that dissemination of policy changes and procedural reforms is very important in order to obtain quick results. He had also added that NCTF and Steering Committee shall be the only fora for reviewing and resolving trade facilitation issues. NCTF forum should be used for all policy decisions regarding Trade

Facilitation whereas Steering Committee may work on operational issues and implementation of the decisions. All concerned ministries, departments & agencies are very pro-active in their participation in such meetings, where issues pertaining to them are put forth and a regular discussion around such issues takes place amongst the stakeholders. These highlighted issues are then carefully chronicled in the minutes of the meetings that are then circulated amongst all stakeholders. As per the directions of the chair, a regular follow up is mandatory and this is also being routinely followed. In the second meeting of the NCTF held on 08/06/2017, the Cabinet Secretary directed that it shall be ensured by all concerned agencies that sufficient staff strength is available at all designated airports/ports at all times to avoid delay. In the same meeting. Commerce Secretary who is also the co-chair of the Steering Committee, the operational arm of NCTF, highlighted the need for action on issues pertaining to de-minimis rule for courier imports/exports. These have to be addressed on top-priority as they are linked to e-commerce deliberations at WTO. The chair also directed that the Steering committee should monitor all issues raised by stakeholders on regular basis and the action taken report should be presented in the next NCTF meeting. The minutes of meeting of the first and the second NCTF meetings held on 28/10/2016 and 08/06/2017 are attached alongwith. The Cabinet Secretary has also directed that a single interactive portal may be developed hosting updated regulatory information related to all government agencies involved in trade facilitation and necessary IT systems may be put in place for submission of electronic documents in place of manual documents and a central repository of original documents may be created in all field formations of the agencies. For the issue of arbitrary high charges imposed by the Shipping lines, the Cabinet Secretary has directed that the nexus between shipping lines and CFS and the issue of excessive charges being levied by shipping lines may be examined by Ministry of Shipping, Department of Revenue, Ministry of Commerce and Ministry of Railways for appropriate action. Further with regard to observations related to efficiency of intelligence gathering, uniform investigation protocol, dispute resolution etc., it may be informed that a Task Force has been created by the Central Board of Excise & Customs with an aim to review old Acts. Separate working group on Dispute Resolution & Enforcement has also been created under the Task Force. It has been envisaged that the Task Force would suggest revision in the Acts, Rule & Regulations which may inter-alia provide enhanced automation of processes, take care of various initiative of World Customs Organization including areas like e-commerce, simplify inward and outward processing for promoting ease of doing business etc. Minutes of first and second meeting of NCTF are annexed at Annexure-I.

With regard to the recommendation, Directorate General of Foreign Trade has also furnished following further submissions:

The ease of doing business related issues are always taken up on priority by the Department of Commerce which coordinates with different departments to facilitate the implementation of such measures. One example is notifying the reduction in the number of mandatory documents to three each for exports and imports. Before implementation of this measure the numbers of

documents required were 7 for exports and 10 for imports. Department of commerce coordinated with Department of Revenue and Ministry of Shipping to drop additional documents and limit the number to 3 only. All suggestions made by the Hon'ble Committee for taking up with the NCTF would be informed to the NCTF Secretariat for inclusion in next NCTF meeting's agenda."

16. The Committee, while noting lack of infrastructure facilities like port to road connectivity, rail infrastructure to move containers to Inland Container Depot (ICDs) and non-coordination between all the relevant stake holders for improving the infrastructure were adversely affecting the trade facilitation measures initiated by the Government; made a number of suggestions to enhance the effectiveness of trade facilitation measures. The Committee note from the reply of the Department that NCTF has taken various measures to ensure 'ease of doing business'. The Committee are unhappy to note that the Department has not replied on prescribing a time frame for clearance of goods by all departments/ agencies involved; development of an integrated Risk Management System (RMS) which is essential for clearance of goods within a prescribed time frame; intimation of notifications to all the ports on real time basis; integration of Customs and Excise portals for factory stuffing permissions, adjusting duties; delays in executing Chennai-Ennore Port Connectivity Project and Four Lane Elevated Link Road from Chennai to Maduravoyal due to differences with the State Government; lack of rail infrastructure to move containers to inland container depots; and lack of feeder network at the international container trans shipment terminal. The Committee desire to be apprised of the action taken by the Ministries/Departments concerned on the above said issues within one month of the presentation of the Report to the House.

The Committee acknowledge that the Ministry of Shipping is working on a new Multimodal Transportation of Goods (MMTG) Bill, 2017, in consultation with stakeholders in shipping sector, to overcome the constraints of the existing MMTG Act. The Committee while noting that Department of Commerce has been allocated the subject matter of 'integrated development of logistics sector', desire that the comments sought by the Ministry of Shipping on the above Bill may be given at the earliest and the Committee be apprised thereof. The Committee further desire that a Sub-Group to look into the effectiveness of

the measures taken for increasing efficiency at the ports be constituted by the NCTF which should meet every three months to review and give suggestions for further improvements. The Sub-Group may also be made responsible for coordination amongst various agencies whenever any new technology/ infrastructure facilities/other updations are introduced.
