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## 1. Executive Summary of TRS 2021

- 1.1 India has been at the forefront of introducing and implementing trade facilitation measures, and the Central Board of Indirect Taxes and Customs (CBIC) has taken the lead to drive reforms among border management agencies and other stakeholders involved with regulating and facilitating trade.
- 1.2 The National Time Release Study (TRS) 2021 is one of the efforts in this direction. It uses the sample time release study mechanism at 15 locations to assess the distance already covered towards targeted overall time release for cargo in imports and exports.
- 1.3 These targets are at 48 hours for seaports, inland container depots and integrated check posts, & 24 hours for air cargo complexes; and in exports at 24 hours and 12 hours, respectively.
- 1.4 In imports, JNPT amongst seaports, Whitefield at Bengaluru amongst ICDs, Bengaluru amongst Air Cargo Complexes and the Integrated Check Posts have covered the most distance to the targets.
- 1.5 In exports, most locations have covered or substantially covered the targeted distance when time release is measured till Customs Let Export Order. However, on considering also the logistics till departure of the goods, the distance covered to target falls to low or insignificant levels.
- 1.6 The study shows the efficacy of ensuring higher, and more uniform, share of advance BE filing, and increasing the acceptance of Authorised Economic Operators program, as means to achieving objectives. Analysis indicates that degree of local initiatives taken would have positive impact. With higher facilitation levels committed by CBIC, the time is ripe for Port/ICD authorities to strongly push the resource saving direct port delivery program. Specifying timelines for PGA activity, automating scheduling of customs examinations and introducing category of self-amendment of already filed bills of entry can further speed up release time in imports.
- 1.7 In exports, the post - logistics process after Customs clearance is most time consuming. It is affected by varied business - operational lay – outs, mix of cargoes involved, voyage schedules etc. Heightened coordination amongst stakeholders with specific objective to reduce this time involved appears essential.

## 2. Objective of TRS

- 2.1 Under the Trade Facilitation Agreement (TFA) ratified by India a National Committee on Trade Facilitation (NCTF) has been constituted with representatives from government and private sector. This has set out our National Trade Facilitation Action Plan (NTFAP)
- 2.2 One component of NTFAP 2020-231 relates to bringing down the overall cargo release time vis-à-vis the previous plan, as follows -

	<u>Seaports, Inland Container Depots &amp; Integrated Check Posts</u>	<u>Air Cargo Complexes</u>
Imports	From overall 72 to 48 hours	From overall 48 to 24 hours
Exports	From overall 48 to 24 hours	From overall 24 to 12 hours

- 2.3 In the present study, the CBIC uses the TRS mechanism to assess the distance already covered towards revised targets. It also aims to identify areas in border procedures or trade flow process, which could be improved. For this-
- the cargo release time is measured on sample basis, from the time of arrival of goods until the physical release of cargo associated with completion of border control procedures. In export, scenario of further process leading towards departure of the goods is also considered.
  - the overall or average release time is calculated; and
  - the share or percentage of the fastest release times are calculated which meet the targeted overall cargo release time. This enables evaluation of distance to target covered.
- 2.4 The sample study covers 4 Seaports, 3 Inland Container Depots (ICD), 2 land border Integrated Check Posts (ICP) and 6 Air Cargo Complexes (ACC). Incomplete data sets are not used for analysis. To bring uniformity and ease of understanding, the methodology, procedure and scope have been kept simple.

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<sup>1</sup> Approved on 15.01.2021

### 3. Imports - methodology, procedure and scope

- 3.1 The import cargo release time is taken as arithmetic mean of time taken between arrival of cargo and its release into the economy.
- 3.2 Briefly stated, the arrival of cargo is taken equivalent to entry inward of vessel for seaport, arrival of cargo by rail or truck with the custodian for ICD and ICP or arrival of aircraft for ACC. Time stamps for these events are available on a standardized system which is the Customs EDI system.
- 3.3 The importer submits an electronic Bill of Entry (BE) with self-assessment of the duty along with the compliance of other regulatory requirements through E-Sanchit, which is an online facility provided for uploading the supporting documents. The process ends with grant of Out of Charge (OOC) on the said EDI system.
- 3.4 In between, an IT driven Risk Management System (RMS) determines the level of facilitation or interdiction for goods associated with the BE filed. Facilitation may be categorised either as 'no examination and no assessment' or 'no examination'.  
  
There may be interdiction such as First Check assessment - in which the goods are examined prior to assessment, or Second Check assessment – in which the BE is first assessed and then a specified level of examination of the cargo carried out.
- 3.5 The ecosystem of cross-border trade has over 50 Regulatory Agencies. Out of these, five<sup>2</sup> government agencies, referred as Partner Government Agencies (PGA), are directly involved in providing clearance to live cargo and are integrated with Custom's SWIFT (Single Window Interface for Facilitated Trade). In relevant instances, BE are referred to PGA for clearance/NOC.
- 3.6 The BE filed may be in advance of arrival of goods (advance BE) or filed on arrival of goods (normal BE). Advance filed BE enable a portion of the processes involved with import to be completed before arrival of goods.
- 3.7 A BE may be amended, with approval of the authority concerned, for purposes of rectification of bona fide mistakes noticed after submission of the document.

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<sup>2</sup> Animal Quarantine and Certification Services (AQCS), Central Drug Controller General (CDRUG), Food Safety and Standards Authority of India (FSSAI), Plant Quarantine Information System (PQIS) and Wildlife Crime Control Bureau (WCCB).

- 3.8 For providing faster and assured facilitation to safe and compliant entities, the CBIC's Authorized Economic Operator (AEO) programme aims at enhancing and streamlining cargo security through close cooperation with principal stakeholders in the international supply chain.
- 3.9 In the study, BE filed from 1.1.2021 to 7.1.2021, for which OOC was issued till 7.2.2021, were tracked. The BE pertaining to warehousing were excluded as the document filed did not pertain to goods to be released into the economy. Further, BE involving overall release time greater than 720 hours were treated as outliers.

The BE analysed are encapsulated below:

**Table 1**

	Port	No. of BE tracked	Advance BE %	Facilitated BE %	AEO BE %	Adv-Fac-AEO BE %	PGA BE %	BE inv. Amendment %	BE inv. Examination % <sup>3</sup>
Sea Port	Chennai	5966	24	82	41	9	4.9	19	12
	JNPT	15152	61	77	31	19	8.6	12	16
	Kolkata	1858	57	78	14	9	5.4	14	16
	Mundra	2518	52	57	21	7	9.7	30	29
ICD	Ludhiana	251	-	67	10	-	5.0	23	21
	Tughlakabad	2029	0.4	73	12	-	4.6	14	19
	Whitefield	219	0.5	75	17	-	5.5	16	11
ICP	Petrapole	261	41	39	-	-	-	0.8	-
	Raxaul	159	-	93	-	-	-	0.4	-
Air cargo	Ahmedabad	353	30	84	18	6	1.6	4	13
	Bengaluru	5139	22	88	50	13	2.4	4	9
	Chennai	4461	17	91	56	10	4.9	6	6
	Delhi	7035	28	84	41	12	3.3	5	13
	Hyderabad	1004	15	87	44	7	1.3	8	7
	Mumbai	7439	33	86	47	19	7.2	5	10
	<b>Total</b>	<b>53844</b>	<b>37</b>	<b>81</b>	<b>38</b>	<b>14</b>	<b>6</b>	<b>11</b>	<b>13</b>

<sup>3</sup> BE involving examination (but not involving amendment or PGA)

## 4. Imports - distance covered to target and average release time

4.1 The study revealed characteristics of BE having positive bearing on release time and distance covered to target:

**Table 2**

Sea	<u>ART<sup>4</sup> in hours</u>			<u>Distance covered to NTFAP target</u>				
	<u>All BE</u>	<u>Advance BE</u>	<u>Normal BE</u>	<u>All BE</u>	<u>Advance BE</u>	<u>AEO BE</u>	<u>Facilitated BE</u>	<u>AAF<sup>5</sup> BE</u>
<b>Chennai</b>	102:5	84:2	108:3	<b>54%</b>	76%	79%	65%	99%
JNPT	100:1	81:1	129:1	<b>65%</b>	79%	85%	78%	98%
Kolkata	144:5	125:2	170:4	<b>20%</b>	27%	28%	38%	37%
Mundra	137:6	110:3	167:2	<b>35%</b>	48%	65%	49%	96%
<b>ICD</b>								
Ludhiana	141:4	-	141:4	<b>48%</b>	-	65%	55%	-
TKD	98:4	41:4	98:5	<b>69%</b>	-	84%	81%	-
Whitefield	89:0	8:1	89:3	<b>79%</b>	-	86%	89%	-
<b>ICP</b>								
Petrapole	24:2	-	-	<b>100%</b>	100%	-	100%	-
Raxaul	05:6	-	-	<b>99%</b>	-	-	100%	-
<b>ACC</b>								
Ahmedabad	68:3	36:2	82:2	<b>54%</b>	85%	68%	57%	90%
Bengaluru	57:2	31:4	64:3	<b>65%</b>	94%	82%	72%	99%
Chennai	52:3	23:1	58:2	<b>63%</b>	100%	73%	66%	100%
Delhi	54:6	33:1	63:3	<b>61%</b>	95%	73%	65%	100%
Hyderabad	77:2	45:1	82:6	<b>47%</b>	78%	55%	51%	83%
Mumbai	66:5	37:6	81:1	<b>55%</b>	86%	71%	60%	96%

<sup>4</sup> ART denotes average release time

<sup>5</sup> AAF denotes combination of advance BE filed by AEO and facilitated by RMS

- 4.2 As mentioned before, the Advance filing of BE enables a portion of import process to be completed even before arrival of goods. Table 2 shows that Advance filed BE have lower average release times and have covered a larger distance to targets.

The Table 1 had indicated widely varying share of advance BE filing across locations. It varied from 24% to 61% at sea ports, was insignificant at the ICDs and ranged from 15% to 33% at the ACCs.

Accordingly, steps to ensure higher, and more uniform, share of advance BE filing across similarly placed locations<sup>6</sup> would have beneficial effect on average release time.

- 4.3 Partnering with trusted AEOs remains one of the means to closing in on the NTFAP target. From Table 1 it is evident that the share of AEO BE varied from 14% to 41% at sea ports and from 18% to 56% at ACCs. AEOs being part of a secure framework tend to show higher facilitation levels, hence their bills of entry have higher propensity towards lower release time.

Thus, efforts to increase acceptance of AEO programme need to continue.

- 4.4 Further, Table 1 shows that JNPT and Kolkata ports had similar percentage of facilitated<sup>7</sup> BE (77% and 78%, respectively). However, at these locations, the distance covered to target by facilitated BE was 78% and 38%, respectively. Similarly, Hyderabad ACC had percentage share of facilitated BE at par with other ACCs, but distance covered to target by facilitated BE was lower at Hyderabad as compared to other air locations.

It indicates that average release time is a function of the degree of local initiative taken to complete balance processes for ensuring quicker OOC.

- 4.5 One of the aspects which can be addressed through local rearrangement of human resources is to eliminate waiting time for OOC procedure during off hours for RMS facilitated import cargoes<sup>8</sup>.

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<sup>6</sup> In the Finance Act 2021 the Section 46 of the Customs Act 1962 has been amended to provide for mandatory advance filing of BE in many types of cases.

<sup>7</sup> Vide CBIC circular No. 14/2021-Customs dt 07.07.2021, it has been decided to raise facilitation levels across Customs locations to 90%.

<sup>8</sup> The customs locations at major sea ports/air ports have subsequently introduced 24x7 shift system of work at local RMS facilitation centres to address this issue.

- 4.6 It deserves mention that the CBIC had begun a resource saving logistics initiative at JNPT, namely, direct port delivery (DPD). This works on the basis of assurance or certainty of quick Custom OOC enabling the importer to opt to take delivery of containerised cargo at the port gate itself, and to take such Custom cleared cargo to his preferred location, for use or storage.

An in-house study in 2019 conducted by Nhava Sheva Customs recorded that a survey conducted placed the average cumulative saving at Rs. 20,305/- per 20 ft container taken away directly from port gate under DPD scheme.

The present study found the share<sup>9</sup> of DPD containers at 46% at JNPT.

Along with the emphasis on advance filing of BE, and participation in AEO programme, there shall also be creation of a higher degree of certainty of quicker Custom clearance on account of higher facilitation levels.

Therefore, the various port authorities and ICDs should nudge importers more and more to opt for DPD scheme at their respective locations. This should be aided by the Customs Zones.

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<sup>9</sup> Calculated based on TEU.

## 5. Imports - PGA bills of entry

- 5.1 Overall, as seen from the Table 1, about 6% of the sample bills of entry (BE) involved PGAs. However, between locations, the share of PGA BE varied from 1.3% to 9.7%.
- 5.2 The average release time for BE involving PGAs was higher by 18% to 240% as compared to the overall average for all BE, as depicted below:

**Table 3**

Average release Time (ART) in hours

<b>Port</b>	<u>All BE</u>	<u>BE involving PGAs</u>	<u>ART for PGA BE higher by</u>
Chennai	102:5	184:1	80%
JNPT	100:1	171:5	71%
Kolkata	144:5	220:6	53%
Mundra	137:6	162:0	18%
<b>ICD</b>			
TKD	98:4	175:5	79%
Whitefield	89:0	140:1	57%
<b>ACC</b>			
Ahmedabad	68:3	231:5	240%
Bengaluru	57:2	151:4	165%
Delhi	54:6	184:4	240%
Hyderabad	77:2	200:3	160%
Mumbai	66:5	162:6	145%

5.3 Further, for same PGA the average release time varied across the locations, across fairly wide range as follows:

**Table 4**

<b>PGA</b>	<u>Location</u>	<u>BE ART in hrs</u>
<b>AQCS<sup>10</sup></b>	JNPT Sea	<b>181:0</b>
	Chennai	169:4
	Tughlakabad	<b>125:2</b>
	ICD	
	Delhi ACC	149:2
<b>CDRUG<sup>11</sup></b>	Mumbai ACC	159:2
	JNPT Sea	102:0
	Chennai	<b>127:1</b>
	Tughlakabad	111:3
	ICD	
<b>FSSAI<sup>12</sup></b>	Delhi ACC	98:2
	Mumbai ACC	<b>93:5</b>
	JNPT Sea	<b>224:4</b>
	Chennai	228:2
	Tughlakabad	265:5
<b>PQIS<sup>13</sup></b>	ICD	
	Delhi ACC	288:2
	Mumbai ACC	<b>303:3</b>
	JNPT Sea	198:5
	Chennai	<b>206:4</b>
<b>PQIS<sup>13</sup></b>	Tughlakabad	200:3
	ICD	
	Delhi ACC	202:5
	Mumbai ACC	<b>95:2</b>

5.4 The foregoing aspects suggest the existence of room for PGAs to rearrange their functioning in relation to provision of their services. This can be through more suitable location of their resources, as well as by enhanced monitoring, so as to deliver the activity within specified time limits to enable improvement in cargo release time.

<sup>10</sup> 124, 70, 14, 7 and 20 BE

<sup>11</sup> 640, 136, 39, 204 and 485 BE

<sup>12</sup> 206, 27, 11, 11 and 19 BE

<sup>13</sup> 333, 55, 29, 11 and 6 BE

## 6. Imports - BE involving examination or amendment

- 6.1 As indicated in para 3 above, the goods under a Bill of Entry which has been interdicted can be subjected to examination. Further, after filing, the BE may require amendment for rectification of genuine mistakes. Both such BE display higher overall release time:

**Table 5**  
Average Release Time (ART) in hours

<b>Sea</b>	<u>All BE</u>	<u>BE involving examination</u>	<u>BE involving amendment</u>
Chennai	102:5	144:1	157:3
JNPT	100:1	140:2	161:4
Kolkata	144:5	157:0	206:5
Mundra	137:6	149:4	176:2
<b>ICD</b>			
Ludhiana	141:4	165:4	237:5
TKD	98:4	112:4	178:3
Whitefield	89:0	74:6	21:6
<b>ACC</b>			
Ahmedabad	68:3	96:4	211:6
Bengaluru	57:2	116:3	188:4
Chennai	52:3	77:5	123:0
Delhi	54:6	66:4	122:2
Hyderabad	77:2	71:0	203:2
Mumbai	66:5	101:2	163:2

- 6.2 It is noted that part of the time involved in examination of goods is related to scheduling the examination in the docks/shed and coordinating with the custodians to place the goods/containers in examination area. Scheduling of examination may be considered for automation. <sup>14</sup>
- 6.3 In respect of BE involving amendment after filing, there is requirement of approval process by the Customs officers. Specific categories of amendments that do not have revenue or regulatory implications may be identified that can be treated as approved when electronically filed by the importer.<sup>15</sup>

<sup>14</sup> A pilot project for this is launched on 11.11.2021 at ICD Tughlakabad.

<sup>15</sup> CBIC Circular No. 8/2021-Customs dated 29.07.2021 has permitted option in EDI for importer to supplement/update Bill of Lading details in an already filed BE. These get auto approved.

## 7. Exports - procedure, methodology and scope

- 7.1 Export procedure requires filing of electronic self-declaration (shipping bill) by exporter before the goods move from exporter's premises. The RMS allows the lowest risk category to be cleared as facilitated without subjecting the cargo to assessment or examination. In this study, facilitation level for shipping bills at seaports/ICDs was seen to be 80%, and at air cargo complexes at 95%.
- 7.2 Generally, the shipping bill processing by Customs is accomplished before arrival of goods at the Customs area, hence this domestic stage is not considered, and time is measured from arrival of export goods at a custodian's premises in the customs area at CFS/port, ACC, ICD, or ICP. This detail is available from the custodian's database.
- 7.3 Next, the process requires exporter to present the goods to Customs by undertaking goods registration on the customs EDI system. This is followed by customs clearance or permission to export through grant of a Let Export Order (LEO). In between, the customs officer also carries out examination or inspection, if the goods are selected for this purpose. Before granting LEO on the customs EDI system, the regulatory compliances are also ensured.
- 7.4 Once export goods have received customs LEO, they are ready for export. Hence, one measure of release time is from arrival of goods to LEO.
- 7.5 Individual ports, port cum CFSs, ICD, ICP or Airport complexes have varied business - operational lay - outs.

Further, the nature of cargo permitted for export may be perishable or liquid or bulk or in package form.

Alternatively, the cargo may be sealed containerised cargo arriving from hinterland which can be cleared at a documentation centre where intactness of seals is also checked. Or, a number of smaller but independent cargo consignments may have to be aggregated or consolidated before being containerised and sealed at CFS or port. The time utilized for this also has dependence on conveyance schedules or transshipment ports involved.

Further, cargo cleared for export may require local transportation to port area and/or may have to wait in stacking yard/shed in port/airport area before actual loading on conveyance and its departure.

- 7.6 Taking the above aspects into account, and with objective of obtaining a fuller picture, the methodology adopted also measures time taken post - LEO, till sailing of vessel (or loading onto the rake/rail or despatch from border gate) or departure of aircraft, on basis of respective custodian's time stamps i.e. outside of the standardized customs EDI system.
- 7.7 In the study, Customs EDI data pertaining to shipping bills filed from 1.1.2021 to 7.1.2021, for which LEO was issued till 7.2.2021 was taken up and corresponding cargo identification/container numbers were shared with customs field formations to collect the custodian data. On tallying both sets, shipping bills retained for study were those with all timestamps available. The SB involving overall release time over 720 hours from arrival of goods to final departure were treated as outliers.
- 7.8 Further those shipping bills were excluded where custodian timestamps indicated inconsistency<sup>16</sup> with particular stage of export logistics.

The SB analysed are encapsulated below:

**Table 6**

	Location	No. of SB analysed
Seaport	Chennai	255
	JNPT	2439
	Kolkata	115
	Mundra	7645
ICD	Ludhiana	384
	Tughlakabad	283
	Whitefield	520
ICP	Petrapole	1453
	Raxaul	159
Air cargo	Ahmedabad	939
	Bengaluru	2545
	Chennai	3040
	Delhi	6737
	Hyderabad	1251
	Mumbai	6445
<b>Total</b>		<b>34722</b>

<sup>16</sup> To illustrate, in case of JNPT, timestamps showing LEO before arrival of goods or container loading after vessel sail off. Similarly, data was considered inaccurate if timestamps for movement of LEO bearing container indicated that it took more than 240 hours on the road between custodian gate - out and port/terminal gate - in.

## 8. Exports - distance covered to target and average release time

8.1 As indicated in para 7, the measure of release time from arrival of goods to LEO has been supplemented with time taken for post - LEO logistics till departure of the export goods. The study shows the following:

**Table 7**

	<b>Goods arrival - registration – Customs LEO</b>		<b>Goods arrival - LEO + post - LEO logistics of custodian gate out – port terminal gate in – loading – departure</b>	
	<u>Average Release Time</u>	<u>Distance covered to target</u>	<u>Average Release Time</u>	<u>Distance covered to target</u>
<b>FS - factory sealed</b>				
<b>PP - Parking Plaza</b>				
<b>O – Overall</b>				
<b>Sea</b>				
Chennai CFS	34:6	82%	183:4	1%
JNPT CFS	33:6	90%	231:5	0.2%
JNPT FS/PP	13:1	100%	106:1	0.4%
Kolkata CFS	80:2	42%	225:1	0%
Mundra (CFS in port)	21:6	100%	180:1	1.1%
<b>ICD</b>				
Ludhiana FS	14:0	100%	88:6	9%
Ludhiana O	41:4	94%	111:3	8%
Tughlakabad FS	46:5	65%	90:6	12%
Tughlakabad O	47:3	64%	105:1	11%
Whitefield FS	52:0	71%	116:6	8%
Whitefield O	50:2	73%	118:4	9%
<b>ICP</b>				
Petrapole	27:3	99%	111:3	49%
Raxaul	6:3	100%	8:3	100%
<b>ACC</b>				
Ahmedabad	6:1	100%	-	-
Bengaluru	2:5	100%	40:4	25%
Chennai	1:4	100%	23:2	67%
Delhi	4:3	100%	29:5	8%
Hyderabad	2:0	100%	22:6	69%
Mumbai	3:4	100%	32:3	18%

- 8.2 It is evident from the above that the post - LEO logistics process till departure of export goods, involves time which is many times multiple of the release time till grant of customs Let Export Order (LEO).
- 8.3 As noted in Para 7, the individual ports, port cum CFSs, ICD, ICP or airport complexes have varied business - operational lay - outs. There is a mix of containerized, non - containerized cargoes, factory sealed cargoes or goods requiring consolidation prior to containerisation, as well as liquid or bulk cargoes. There is also the dependence upon ship/rail/road/aircraft schedules.

Accordingly, there is a need for field level local innovation and heightened coordination amongst stakeholders to specifically reduce the time involved in post - LEO logistics processes.

It is suggested that for this the Customs Clearance Facilitation Committee in each Custom zone take the lead role in bringing all the stakeholders together and in taking remedial steps.

## 9. Learning for next TRS

- 9.1 Challenges associated with the collection of data led to incomplete data or inconsistent entries and hence reduced sample sizes.

Foremost, the time stamps related to document or goods movements in data of logistics players/custodians of CFSs, Export Documentation Centres like Parking Plazas, the individual terminal operators need to have synergy. This is all the more so as Customs EDI system is already standardised.

More efficient coordination between the TRS team calling for information, stakeholders and individual field formations needs to be ensured in future studies.

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