

# Revamping the Customs Clearance Process in India through an Institutional Approach towards Trade Facilitation: A Case Study of Customs Clearance Facilitation Committee



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## **APTFF TRADE FACILITATION INNOVATION AWARDS**

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# PROBLEM STATEMENT

- ❑ Reduction in traditional tariff barriers has multiplied the importance of other kinds of barriers commonly known as non-tariff barriers (NTBs)
- ❑ Customs: a major stakeholder responsible for clearance of goods at ports
- ❑ Indian Customs has initiated a series of reforms to reduce the dwell time of cargoes and improve trade efficiency
- ❑ Two major concerns in customs clearance procedures in India are:
  - inadequate coordination among operating agencies at trade corridors and,
  - soft infrastructure related constraints such as cumbersome paperwork, regulatory lassitudes and absence of harmonised procedures
- ❑ Inadequate soft infrastructure magnifies the cost of doing trade across border and impacts the competitiveness of firms to participate in regional/global value chains and trade

# CCFC: AN INNOVATIVE MEASURE OF TRADE FACILITATION

- ❑ In April 2015, Customs Clearance Facilitation Committee (CCFC) was set up at all major customs seaports and airports in India.
- ❑ **Main objective** ➡ to ensure and monitor expeditious clearance of imported and export goods
- ❑ **Expansion of operation** ➡ to Major Commissionerates of land ports in September 2016
- ❑ **Issue addressed** ➡ high trade cost and dwell time of cargoes
- ❑ **Present status** ➡ operational at all major seaports, airports, and Amritsar, Kolkata, Patna and Shilong Commissionerates of land ports
- ❑ **Operational procedure** ➡ meetings of stakeholders take place regularly and work progress reports are submitted to the Central Board of Excise and Customs (CBEC); Inputs from the meetings are used to prepare overall trade facilitation programme

# STAKEHOLDERS & COST EFFECTIVENESS

**Key beneficiaries and stakeholders** → Customs Department, Food Safety Standards Authority of India/Port Health Officer, Plant Quarantine Authorities, Animal Quarantine Authorities, Drug Controller of India, Textile Committee, Port Trust / Airport Authority of India / Custodians, Wild Life Authorities, Railways/Container Corporation of India, Pollution Control Board, Land Ports Authority of India and Border Security Agencies, and Any other related Department

**Decline in dwell time**

**Cost Effectiveness**

**Addressing soft infrastructure bottlenecks**

- ☐ Dwell time of a cargo clearance declined by more than 50 per cent
- ☐ Upgradation and setting up new laboratories by FSSAI and Textile Committee
- ☐ Fixing timely fee payment by various stakeholders
- ☐ Replacement of paper system with electronic system
- ☐ Congestion at ports has declined
- ☐ Partner government agencies are allotted commercial land to set up their offices at the ports
- ☐ Direct port delivery facility has been made available 24x7
- ☐ Entry gates have been automated

# INNOVATIVE ASPECTS & INTERNATIONAL COMPLIANCE

## Innovative aspects

- ☐ Effective monitoring of clearance processes and capacity building of the border agencies
- ☐ Building a favourable ecosystem based on ‘Good Governance’
- ☐ An effective manifestation of Public-Private Partnership
- ☐ An institutional innovation leading to decline in trade cost and dwell time of cargo clearance at ports

## International compliance

- ☐ Compliant with the Revised Kyoto Convention especially on “Effective Border Cooperation”
- ☐ In alignment with WTO Agreement on Trade Facilitation Agreement: Article 8 (Border Agency Cooperation) and Article 12 (Customs Cooperation)
- ☐ Supports National Committee on Trade Facilitation (NCTF), the apex Indian body, to undertake trade facilitation measures as per the requirements of Article 23 (1.3) of the WTO Agreement on Trade Facilitation

# SDGs ATTRIBUTED & IMPACT ON SMEs

## **Sustainable Development Goals (SDGs)**

Supports to fulfil many SDGs, but directly related to SDG 17 on strengthening the global partnership for sustainable development, and in that particularly on trade:

- ☐ Promoting a universal, rules-based, open, non-discriminatory and equitable multilateral trading
- ☐ Increasing exports of developing countries
- ☐ Realising timely implementation of duty-free and quota-free market access on a lasting basis for all least developed countries

## **Impact and Involvement of Small and Medium Enterprises (SMEs)**

- ☐ Enables the participation of SMEs in regional and global value chains by reducing the cost of doing cross border trade and
- ☐ Reduction in trade costs would boost trade competitiveness of Indian SMEs in global markets

# EVIDENCE OF RECOGNITION AND PRAISE

In order to establish the recognition of the measure, few stakeholders have been interviewed and their summarised views are as follows:

- ❑ Substantial improvement in cargo clearance procedures
- ❑ By bringing the allied agencies, involved in custom clearance, the committee has immensely helped in ironing out:
  - bottlenecks
  - misinterpretations of rules and procedures
  - delays
  - areas where expeditious clearances can be effected by adopting random sampling and balance on form of undertaking
- ❑ At CCFC meetings, all issues are brought on record and discussed at length, and thereafter, positive and pragmatic solutions are arrived at to mitigate problems and cut the delays in cargo clearance
- ❑ Dwell time has been reduced by 50 to 55 per cent and is likely to reduce further in the coming months
- ❑ CCFC is in consonance with the Ease of Doing Business initiative of the Government of India



## CONCLUDING REMARKS

- ❑ Facilitates smooth coordination among various operating agencies at all major ports of India
- ❑ Successful operation has reduced dwell time of cargoes and improved trade efficiency
- ❑ An innovative measure that would substantially contribute in realising India's trade gains to their maximum levels
- ❑ Contributes to the growth of cross border regional trade through efficient and seamless movement of cargoes across borders
- ❑ Compatible with India's commitments to the WTO Trade Facilitation Agreement and achieving the outcomes as envisaged in SDG 17, especially 17.10, 17.11, and 17.12

**THANK YOU FOR YOUR KIND ATTENTION**