

**A SUCCESSFUL SYMPHONY: COORDINATED BORDER MANAGEMENT AT
JAWAHARLAL NEHRU CUSTOM HOUSE**

Manas Ranjan Mohanty

(Commissioner of Customs)

Sruti Vijayakumar

(Assistant Commissioner of CGST&CX)

Vijay Singh Chauhan

(Additional Director General, Directorate General of Vigilance)

Jawaharlal Nehru Custom House
Central Board of Indirect Taxes and Customs
Government of India

Email: mohantymr@yahoo.com, sruti.v@gmail.com and vschauhan67@hotmail.com

Telephone: +91-9898359517, +91-9840488998 and +91-9810287207

Abstract

Seamless coordination and cooperation among all stakeholders must lie at the heart of all trade facilitation initiatives. In a globalized world, the demand for smooth coordination of the work of different regulatory agencies at the border is critically important. At the same time, government agencies, prodded to the cause of trade facilitation, have also come to recognise the invaluable role that such coordination and cooperation play in efficient discharge of their individual and shared mandate as 'gatekeepers of the border'. As a steward of a nation's trade, Customs plays a pivotal role in spearheading regulatory efficiency and effectiveness through greater coordination and cooperation between border management agencies.

Central Board of Indirect Taxes and Customs in India has undertaken numerous initiatives to achieve the goal of seamless border agency coordination and cooperation. This paper discusses some of these initiatives such as establishment of NCTF, operationalisation of trade facilitation meetings in the form of PTFC and CCFC meetings, launching of SWIFT, AEO scheme and DPD which have resulted in enhanced trade facilitation. This paper further attempts to present, through statistical evidence, the benefits of selected efforts towards cooperation and coordination at Jawaharlal Nehru Custom House (JNCH), the largest Custom House in India, relying inter alia on the data presented in the Time Release Study (TRS), placing the same within the context of the overall administrative and regulatory regime relating to customs clearance at the borders. Trade facilitation is a kind of orchestra, with a central role being played by Customs to ensure smooth coordination and cooperation with other border agencies having varied administration structures, governed by distinct regulations but working towards simplifying trade.

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Introduction:

Better coordination and cooperation among all stakeholders must lie at the heart of all trade facilitation initiatives. The demand for improved coordination of work of different regulatory agencies at the border has been increasing with growing global trade. At the same time, government agencies, prodded to the cause of trade facilitation, have also come to recognise the invaluable role that such coordination and cooperation can play in efficient discharge of their individual and shared mandate.

The World Customs Organization (WCO) uses the expression 'Coordinated Border Management' to provide and lead different initiatives in this area. Various other inter-governmental organisations have devised their own terminology, including but not limited to Integrated Border Management (EU), Collaborative Border Management (the World Bank's more recent choice of terminology), and Comprehensive Border Management (OSCE [Organisation for Security and Cooperation in Europe]). Although these terms have subtle differences in definition, the intent is largely the same: there is the need for border agencies to coordinate their actions in order to improve effectiveness and efficiency of border procedures. In practice, this term has become a cornerstone for a set of donor-driven structural border reforms in numerous countries.¹

Trade Facilitation Agreement (TFA) signed under the aegis of the World Trade Organization (WTO) provides the most comprehensive document for facilitation of international trade. Article 8(1) of the TFA on "Border Agency Cooperation" enjoins "each Member to ensure that its authorities and agencies responsible for border controls and procedures dealing with the importation, exportation, and transit of goods cooperate with one another and coordinate their activities in order to facilitate trade."

The need for coordination and cooperation at the borders depends on the legal and administrative structure of the customs or the border authorities tasked with the responsibility of securing trans-border movement of goods, besides collection of customs duties. In large, heavily populated, diverse and complex countries, the possibilities, challenges and benefits of such coordination and cooperation are likely to be higher.

This paper seeks to present statistical evidence of the benefits of selected efforts towards cooperation and coordination at Jawaharlal Nehru Custom House (JNCH), the largest Custom House in India, relying inter alia on the data presented in the Time Release Study (TRS), placing the same within the context of the overall administrative and regulatory regime relating to customs clearance at the borders.

The paper, in section 1, presents the broad structure of the responsibilities of the Indian Customs with reference to JNCH, and highlights the salient aspects cooperation between JNCH and various other wings of the Central Board of Indirect Taxes and Customs (CBIC), the apex body administering the Customs laws in India. Section 2 presents the main aspects of coordination between the port terminals & container freight stations on the one side and JNCH on the other. It also includes discussion on the wide array of regulatory agencies that are concurrently empowered to ensure compliance of the international trade with different

national legislations, highlighting the major regulatory agencies and recent efforts towards increasing coordination between these agencies and the Customs. In section 3, the administrative mechanism for coordination between Customs, other regulatory agencies, other stakeholders such as the port terminals, container freight stations (CFS) and trade, that has been formalised in compliance with the TFA is summarised. Two specific examples of Authorised Economic Operator (AEO) scheme and Direct Port Delivery (DPD) scheme evidencing the benefits of cooperation between customs on the one hand and trade and port terminals/CFS on the other are also highlighted. In section 4, relying on the results of the JNCH Time Release Studies and deeper analysis of the raw data pertaining thereto, benefits of cooperation between Customs and other regulatory agencies is presented. In section 5, conclusions and suggestions for future course of action for better border cooperation and coordination are presented.

Section 1: Salient aspects of cooperation between JNCH and other wings of CBIC

The Indian Customs is organised under the Central Board of Indirect Taxes and Customs (CBIC) as part of the Department of Revenue of Ministry of Finance, explicitly recognising its prominence as a revenue department. CBIC, as an administrative head, is engaged with the tasks of formulation and implementation of policy concerning to the levy and collection of indirect taxes, viz. domestic indirect taxes, i.e. Central Goods and Service Tax (CGST) and Central Excise and Customs duties, besides compliance and enforcement thereof. The actual task of collection of these indirect taxes are handled by field formations, collectively organised as zones with clearly specified geographical jurisdiction. JNCH, the largest custom house in the country terms of revenue accounting for about 21 percent of national customs revenues, is designated as Mumbai Customs Zone –II, with perhaps the smallest geographical jurisdiction.

CBIC is also assisted by 21 directorates with all India jurisdiction. While the functional mandate of some of the directorates, such as human resource (DGHRD), systems (DG Systems), training (NACIN), taxpayer services (DGTPS) and vigilance (DGOV) cover both domestic indirect taxes and customs, some others such as intelligence and enforcement (DRI), risk management (RMD) and logistics (Directorate of Logistics) have responsibilities pertaining to customs and allied laws. It has been acknowledged that closer cooperation and coordination between JNCH with other CBIC formations will enhance trade facilitation and compliance.

In the recent past, the following salient aspects of such cooperation and coordination, intra CBIC, merit recognition:

(a) **Customs wing of CBIC:** JNCH has functioned as a live laboratory for CBIC to initiate and assess various trade facilitation initiatives, including in the deciding the scope and preparation of the TRS and inputs for evidence-based policy making, such as statutory fees for delays in filing bills of entry.

(b) **Risk Management Division:** Closer coordination through the mechanism of Local Risk Management (LRM) committee and robust feedback loop has contributed to increasing the facilitation levels from 61.4 percent in January 2017 to 71.4 percent in January 2018 and 72.9 percent in January 2019 (Source: TRS 2018, TRS 2019).

(c) **DG Systems:** Coordination and cooperation has resulted in smooth roll out of measures, such as e-Sanchit, enabling online filing of supporting documents along with bills of entry, facility for electronic registration of bills of entry by the customs brokers (CBs) and suo-moto registration and subsequent grant of out of charge by the RMS Facilitation Centre of JNCH.

(d) **Directorate of Logistics:** Commissioning of the state-of-the-art drive through scanner, upgradation of the departmental laboratory, and provisioning of equipment for effective and efficient physical examination of cargo have been achieved through better coordination between JNCH and Directorate of Logistics.

(e) **Directorate General of Taxpayer Services:** Mandated with the task, inter alia, of increasing enrolment of Authorised Economic Operators (AEO), DGTPS, the directorate has placed an officer at the JNCH for more effective taxpayer services to the trusted clients, as represented by AEOs. The impact of cooperation and coordination in this regard is seen in terms of increase in AEO enrolment, increase in the share of AEO bills of entry from 29 percent in 2018 to 37 percent in 2019, with consequential improvement in average release time. (Source: TRS 2019).

(f) **NACIN:** Recognising the crucial role of human resource and regular upgradation of capacity, several training programmes relating to TFA, etc. have been organised both at the zonal academy campus in Mumbai as well as at JNCH.

Section 2: Inter-agency coordination at JNCH for trade facilitation

JNPT was designed as a container freight station (CFS)-based port, starting in 1989 with a single government-owned container terminal, viz. JNPCT. Over the years, the port has expanded rapidly and presently includes four more private-owned terminals, namely GTICT, NSIGT, NSICT and APMT, besides a liquid bulk cargo terminal.

The customs clearance procedure for cargo arriving at JNPT was envisaged to be conducted either through the JNCH or after transit to various inland container depots (ICDs) located in the hinterland. For the container cargo meant to be cleared through JNCH, the earlier arrangement was for the containers to be moved to one of the CFSs immediately after unloading at the terminal for customs clearance process, ensuring non-clogging of the terminal premises at all times. Presently, there are 33 CFSs that handle the cargo clearance through JNCH. [JNCH website: <http://jawaharcustoms.gov.in/information.aspx?PageID=20>]

However, with progressive increase in the facilitation levels by Indian Customs, wherein the statutory self-declaration by the trade are accepted as such by the RMD without any verification, documentary or otherwise, the movement of containers to CFSs and its dwelling there prior to eventual out of charge was rendered non-necessary from the point of view of customs clearance. The objective of trade facilitation provided the opportunity for this non-essential time and cost-intensive movement of containers from the terminal to CFS premises be eliminated. The Direct Port Delivery (DPD) scheme, which enabled clearance of the fully facilitated containers /bills of entry, upon payment of customs duties, directly from terminal premises, bypassing the CFSs.

The successful implementation of the DPD scheme at JNPT since second half of 2016 is a major evidence cooperation and coordination between the JNCH, JNPT, CFSs and trade. This disruptive trade facilitation measure had attracted apprehensions among various stakeholders, including a large section of the trade and customs broker fraternity preferring status quo, the terminal operators on account of significant process change requirements, and CFSs who apprehended loss of business. Notwithstanding these concerns, DPD scheme has emerged as a flagship trade facilitation scheme of JNCH, subsequently replicated at various other CFS-based ports in the country. The success of DPD is reflected in increase in number of DPD clients from around 15 in January 2016 to 3080 in January 2019 and increase in share of DPD bills of entry from 38.2 percent in 2018 to 57.8 percent in 2019.

The credit for adoption of the disruptive DPD scheme without any actual disruption in the trade is due squarely to the combination of clear mandate from the NTFC for coordination between JNCH and JNPT, close cooperation between JNCH and all stakeholders under the aegis of CCFC and PTFC and proactive administrative action by JNCH through issuance of public notices. Following the essential principle of tatonnement, the senior management team at JNCH continuously tweaked the customs clearance processes to smoothen the adoption of DPD scheme, with negligible impact on the core concerns of the stakeholders.

The customs clearance process is designed to ensure compliance with various legal requirements put in place by different acts of Parliament, most important of which are the

Customs Act, 1962 and the Customs Tariff Act, 1975. Various other laws pertaining to import of food items, drugs & cosmetics, textiles, plant and animal products etc. enjoin several other government agencies to ensure compliance with those respective laws and their 'no objection' is required before the Customs authorities can allow the import of the consignments. Depending on the nature of consignment, 'no objection' may be required by any of the almost fifty government agencies that have been entrusted with the varied responsibilities.² Thereby making Border Agency Cooperation inevitable for trade facilitation. While Customs spearheads effective trade facilitation measures, many other governmental agencies share the responsibility of regulating and overseeing trade.

To facilitate movement of goods, while taking into account the mandate of each agency with respect to goods and people crossing the border, it is desirable that border agencies work in a coordinated way by sharing information and avoiding duplication of the process or procedure. The clearances at border crossings can be expedited if the interventions are based on an integrated risk management framework which addresses the concern of all the agencies at the border.³

To integrate the regulatory requirements of various government agencies, the WCO recommends the implementation of the single window concept through its revised Kyoto Convention, the UN/CEFACT Recommendation 33 and the WCO SAFE Framework of Standards to Secure and Facilitate Global Trade. The single window, as stated by the WCO is "a cross border, 'intelligent', facility that allows parties involved in trade and transport to lodge standardized information and documents with a single-entry point to fulfil all import, export, and transit related regulatory requirements". The single window platform provides an integrated IT system to facilitate exchange of information and operation of integrated procedures for supporting border agency cooperation and coordination. A single window is thereby an organic mix of the collaborative efforts of all the parties involved in a nation's international trade activities.

India has around 50 regulatory agencies, referred to as Participating Government Agencies (PGAs), which are associated with the clearance of import and export cargo. To enable closer coordination and cooperation among customs and PGAs as well as to facilitate 'Trading Across Borders', CBIC launched the Customs' SWIFT (Single Window Interface for Facilitating Trade) Clearances Project as part of the "Ease of Doing Business" initiative. It covers under its ambit 6 major agencies involved in the vast majority of cases requiring issuance of clearances or "No Objection Certificates" (NOC). SWIFT enables importers and exporters to file a common electronic 'Integrated Declaration' on the Customs online portal, ICEGATE, which combines the information requirements of Customs, Food Safety and Standards Authority of India, Plant Quarantine, Animal Quarantine, Drug Controller, Wild Life Control Bureau and Textile Committee and replaces nine separate forms required by these six different agencies and Customs. SWIFT has further resulted in reduced interface with Governmental agencies, dwell time and the cost of doing business.

Efforts of cooperation and coordination between Customs and PGAs at JNCH resulting in improved release time for imports merit recognition:

Food Safety and Standards Authority of India (FSSAI): FSSAI acts as a PGA with customs for the purpose food import clearance and has established a robust administrative and procedural mechanism at JNCH for this purpose. An Authorized Officer has been appointed by the authority for the purpose of performing functions of food import clearance under the Food Safety and Standards Act, 2006. Keeping in mind the need to reduce the time taken in the process of clearance of imported food articles so as to facilitate the ease of doing business, Food Import Prioritisation System (FIPS) to provide for pre-arrival document scrutiny to avoid delays after arrival of consignment and compliance based risk prioritization to exempt testing procedure based on compliance history of the product and Food Import Clearance System is put in place to facilitate prompt action. To enable speedy clearances there a facility for

provisional release of consignment based on an undertaking without waiting for analyses report.

Animal Quarantine and Certification Service (AQCS): AQCS works to prevent the ingress of any Exotic and dangerous diseases into India through importation of livestock & livestock products as per the provisions of Livestock and Livestock Products Importation Act. To enable hassle-free imports, JNCH along with AQCS have conducted outreach programs for stakeholders. Customs sealed samples are being considered authentic and immediately processed for testing. Recognising that most of the testing parameters overlap with other PGAs like FSSAI, a single report from FSSAI is being considered to avoid delay in double testing.

Directorate of Plant Protection, Quarantine and Storage (PQ): Plant Quarantine Directorate is entrusted with the task of preventing the entry, establishment and spread of exotic pests in India as per the provisions of the Destructive Insects & Pests Act, 1914. The effective coordination and cooperation between JNCH and PQ through various outreach measures and public notices have resulted in reduced release times for cargo subjected to testing by PQ.

Central Drugs Standard Control Organization (Controller of Drugs): Under the Drugs and Cosmetics Act, 1940, the Central Authorities are responsible for approval of new drugs, clinical trials in the country, laying down the standards for drugs, control over the quality of imported drugs, coordination of the activities of State Drug Control Organizations and providing expert advice with a view to bring about the uniformity in the enforcement of the Drugs and Cosmetics Act. To simplify the process of clearance of dual-use items, efforts are being undertaken by JNCH along with Controller of Drugs to encourage importers to submit undertaking for import of dual use items to zonal office of the Controller of Drugs before the arrival of the cargo based on invoice or sales contract so as to enable pre-arrival issue of dual-use NOC. For consignments due for testing, upon drawal of sample, a facility for clearance of cargo on submission of Letter of Guarantee, pending receipt of test report is in place.

Textile Committee (TC): Samples of textile items are referred to the Textile Committee for testing and determining their composition both for the purpose enforcing the EXIM Policy and for determining their classification and rate of Customs Duty. It has been pointed out in CCFC meetings conducted at JNCH by the representatives of trade that the average dwell time of test report from the Textile Committee is quite high, inter alia due to delay in payment of testing charges by the trade. To curb this, TC has enabled online payment facility, besides the existing Passbook scheme. In addition, TC has introduced a "Tatkal Scheme", wherein a test report can be obtained within 24 hours by paying 1.5 times of the regular testing charges.

Wildlife Crime Control Bureau (WCCB): Wildlife Crime Control Bureau assists and advises the Customs authorities in inspection of the consignments of flora & fauna as per the provisions of Wild Life Protection Act, CITES and EXIM Policy governing such an item. Efficient coordination between JNCH and WCCB through CCFC meetings have enabled speedy clearances of cargo referred to WCCB for testing.

Section 3: Administrative mechanism for trade facilitation in India

Trade facilitation and improving ease of doing business is at the heart of all endeavours of CBIC. India's improved ranking in the World Bank's Ease of Doing Business Index 2019 to 80, a quantum leap of 66 ranks from 146 in 2018, is a testament to this commitment and concerted efforts made in this direction.

Article 23.2 of the TFA requires each WTO Member to establish a National Committee on Trade Facilitation (NCTF) to facilitate domestic coordination and implementation of the TFA provisions. NCTF has been constituted consequent to India's ratification of the WTO

Agreement on Trade Facilitation (TFA) in April 2016. The technical provisions of the TFA – in particular, Section I (Articles 1 to 12) – are substantially Customs-related, with 98% of the provisions fully or partially to be implemented by Customs, placing it at the centre of national implementation efforts. Consequently, Customs has a prominent role to play in the NCTF, where it can share its vast experience in interacting with multiple government and business stakeholders, including promoting coordinated border management (CBM), inter-agency cooperation, and Customs-business partnerships. India established an NCTF with a three-tier structure consisting of the NCTF (tier 1), a Steering Committee (tier 2) and Working Groups (tier 3), to meet its needs and take its broader trade facilitation agenda forward.⁴ Functions of the NCTF include, (i) Development of a pan-India road map for trade facilitation; (ii) Synergizing various trade facilitation perspectives across the country; and (iii) Conducting outreach programs for sensitization of all stakeholders about the TFA. NCTF has adopted a 76-point National Trade Facilitation Action Plan 2017-2020 (NTFAP) which aims to improve ease of doing business by reduction in cargo release time and cost, moving towards a paperless regulatory environment, transparent and predictable legal regime and improved investment climate through better infrastructure. Many of the goals listed in the Action Plan go beyond the TFA provisions, and are known as “TFA plus.” The idea is to bring down the overall cargo release time for imports and exports as follows:

- For imports – within three days for sea cargo, within two days for air cargo and inland container depots, and on the same day for land Customs stations.
- For exports – within two days for sea cargo, and on the same day for air cargo, inland container depots, and land Customs stations.

JNCH Time Release Study is conducted under the guidance of Working Group on Time Release Study, constituted by the NCTF Steering Committee, which aims to identify bottlenecks, take steps to reduce dwell time, and measure and publish the average release time of goods.

To tackle the issues faced in day to day operations at the ports and facilitate inter-agency coordination, CBIC introduced the concept of trade facilitation meetings at each seaport and airport across the country. These meetings are conducted in the form of Permanent Trade Facilitation Committee (PTFC) meetings and Customs Clearance Facilitation Committee (CCFC) meetings. These meetings are given greater rigour at JNCH to enable constructive interactions with all stakeholders.

PTFC was set up after the recommendations of the Task Force on Indirect Taxes (2002) to tackle the operational impediments faced in day to day activities at the ports. PTFCs, established in each Customs House, as a trade facilitation initiative aimed at encouraging stakeholder participation and expeditious resolution, includes local trade and logistics association as well as Customs Brokers association. JNCH conducts PTFC meetings on a monthly basis to foster effective interaction and resolution of issues faced by stakeholders.

In 2015, CBIC introduced CCFC, in order to facilitate coordination between various agencies involved in the customs clearance process. This was deemed necessary because a delay by a particular agency resulted in the delay in the whole Customs clearance process leading to an increase in the dwell time of cargo. Import and export goods are subjected to certain legal and procedural formalities before being permitted clearance by Customs. If provisions of other Allied Acts are attracted in respect of the imported/exported goods, permission to clear the goods is given by the Customs only after getting the suitable clearance/NOC from the PGAs. In addition, the Port Trusts and other local agencies play a critical role in the Customs clearance process by providing the required infrastructure and facilities. Hence, to facilitate

expeditious Customs clearances as well as for resolving related trade grievances in a time bound manner, CCFCs are set up at every major Customs seaport and airport. CCFCs have been set up under the chairmanship of Chief Commissioner of Customs/Commissioner of Customs. CCFC also initiates Time Release Studies for improvement in release time of imported and exported goods. CCFC has acted as an effective platform in JNCH to address the concerns and inform of measures undertaken to reduce dwell time.

In the backdrop of Government of India ratifying the TFA, CBIC has initiated game changing measures in the interest of genuine trade. To enable greater efficiencies in the overall transportation logistics and supply chain, CBIC merged the 'Accredited Clients Program' with the Authorized Economic Operator (AEO) scheme. As an 'Ease of Doing Business' measure to enhance India's access to global logistics chain, Direct Port Delivery (DPD) was introduced, to enable clearance of goods directly from the Port, thereby reducing the transaction time and cost considerably for trade and industry.

The concept of Customs-Trade relationships is shifting away from interventionist approach and moving towards a collaborative approach. Customs must further develop consultation, promote information exchange and cooperation, and reduce the barriers to the smooth flow of trade by jointly identifying bottlenecks and offering solutions.⁵ Customs in the 21st Century paves way to enter into strategic pacts with trusted economic operators. This helps Customs understand the concerns of business and business to know the requirements of Customs thereby resulting in mutually beneficial outcomes.

AEO programme under the aegis of the WCO SAFE Framework of Standards aims to secure and facilitate global trade. It is a trust-based facilitation measure where customs and trade work cooperatively to secure the supply chain. Within the CBM concept, 'trusted clients' such as AEO are entitled to facilitated and streamlined border clearance facilities. It results in a genuine 'win-win' situation for both customs and trade. For customs- increased trade efficiency, effective enforcement and effective use of resources. While for trade- prompt customs clearance, lower transaction cost, transparency and predictability of procedures.

Findings of the Time Release Study 2019 conducted at JNCH reveal that the number of AEO partners has increased from 550 (400 importers/exporters plus 125 logistics operators) in 2018 to 2565, including 503 logistics operators, in 2019. TRS 2019 reports the following significant improvements in respect of bills of entry filed by AEO importers:

- As a result of outreach efforts undertaken at JNCH, the share of AEO bills of entry has increased from 29% in 2018 to 37% in 2019.
- The average release time for AEO bills of entry has improved from 103.06 hours in 2018 to 75.31 hours in 2019.
- Keeping in view the prior due diligence regarding the antecedents and record keeping of the AEO clients, RMS provides a higher level of facilitation to the AEO bills of entry. For 2019, the full facilitation level for AEO bills of entry at 84.5%, is significantly higher than overall full facilitation level of 58.1%.
- the average release time of 75.31 hours for AEO bills of entry in 2019 is significantly better than the average release time of 123.24 hours for the non-AEO bills of entry, highlighting the effects of cooperation between customs and trade.

The analysis further reveals that maximum number of AEO bills of entry are in the category of advance facilitated bill of entry with impressive release time of 47.22 hours which is lesser than the revised national goal of average release time of 48 hours.

In order to observe the impact of Mutual Recognition Agreements (MRA) that India had signed with South Korea, Taiwan and Hong Kong, which provides for mutual recognition to the tier-II and tier -III clients of each other, the average release time of eligible AEO bills of entry for

shipments from these three countries was calculated. It is seen the comparable average release time for shipments from these three countries at 45.24 hours is lower than the overall average release time of 51.26 hours for AEO category of importers.

DPD has been a major factor in cooperation between customs on one hand and port terminals/CFS on the other aiding in ease of doing business, trade facilitation and reduction in cargo release time. TRS 2019 highlighted the positive outcomes of such coordination. It revealed that there has been a significant increase in the number of DPD clients as well as the number and share of bills of entry filed by such DPD clients, which has increased from 5634 (38.2% of the total bills of entry filed) in 2018 to 9023 (57.8% of the total bills of entry filed) in 2019. DPD bills of entry have the advantage of higher facilitation. In 2019, the full facilitation level for DPD bills of entry at 70%, is significantly higher than overall full facilitation level of 58.1%. It is worth mentioning that the average release time target of 72 hours under National Action Plan under TFA has been significantly bettered as 51.32 hours in respect of advance facilitated DPD bills of entry and is very close to the revised national goal of average release time of 48 hours.

Section 4: Time Release Study at JNCH validates the SWIFT path

Since the development of the SAFE Framework of Standards in 2005, the importance of cooperation between Customs and other Government agencies involved in international trade and supply chain security has increased. The WCO has recognised this and has introduced a number of key tools and instruments especially the Coordinated Border Management (CBM) and Single Window Compendiums that impact on and guide cooperation between Customs and other Government Agencies.

CBM enables border management agencies to work in close collaboration with each other, forming an 'inter-agency approach'. CBM harmonises border management procedures between Customs and other border management agencies. The holistic view of border management results in reduced administrative and compliance costs, as well as increased time savings and ultimately, a more efficient and favourable customer experience. Achieving this requires commitment and proactive collaboration between the border management agencies and a governance structure that effectively coordinates border operations, aligning each of the agency's roles and responsibilities and ensuring the successful implementation of the change process.⁶

Inter-agency approach is to ensure that the government response to the challenges of supply chain security is both efficient and effective, by avoiding duplication of requirements and inspections, streamlining processes, and ultimately working towards global standards that secure the movements of goods in a manner that facilitates trade. Interagency coordination plays an important role in the establishment of single window which consequently contributes to reaps an array of benefits for government and all stakeholders of trade.

Indian Customs' SWIFT (Single Window Interface for Facilitating Trade) has been acknowledged as a major trade facilitation initiative to improve ease of doing business and reduce cargo release time. It enables importers and exporters to file a common electronic 'Integrated Declaration' on the Indian Customs Electronic Data Interchange (EDI) Gateway i.e. ICEGATE portal compiling the information requirements of Customs and associated regulatory agencies, referred to as Participating Government Agencies (PGAs).

Time Release Study 2019 conducted at JNCH is testimony to the fact that effective coordination and cooperation between customs and PGAs results in the reduction of release time of import cargo.

The customs clearance process may involve ensuring compliance with a plethora of laws in case of import of specific items. This may require obtaining 'no objection' from the concerned government agency that may involve either verification of the documents, or examination of the goods, as well as testing of the samples, etc. TRS 2018 recognized that it was important to highlight the issues associated with such non-fiscal issues. However, the actual analysis is restricted to six major regulatory agencies, viz. Food Safety and Standards Authority of India (FSSAI), Animal Quarantine and Certification Service (AQ), Directorate of Plant Protection, Quarantine and Storage (PQ), Central Drugs Standard Control Organization (Controller of Drugs), Textile Committee (TC) and Wildlife Crime Control Bureau (Wildlife Control) that have been currently on-boarded to the single window initiative of the CBIC. As a result of the Single Window Interface for Trade Facilitation (SWIFT), the bills of entry that may require processing by these partner government agencies, are also subjected to the RMS and allows for simultaneous processing.²

TRS 2018 had covered the bills of entry that were handled by different PGAs which have joined the SWIFT initiative of the CBIC. TRS 2019 continued with separate analysis of release time pertaining to bills of entry handled under SWIFT by partner regulatory agencies, which are entrusted with enforcement of major non-fiscal regulations. The comparative study brings out two significant areas of improvement:

- (i) the number of bills of entry being routed to the PGAs have declined significantly, reflecting an improvement in the risk management parameters relating to these specific PGAs; and
- (ii) a significant reduction in the average release time has been registered by most of the PGAs, reflecting effective coordination and cooperation between Customs and regulatory agencies.

The comparative release time for bills of entry handled by PGAs under SWIFT in 2018 and 2019 is presented below.

Graph 1
Comparative release time for different regulatory agencies

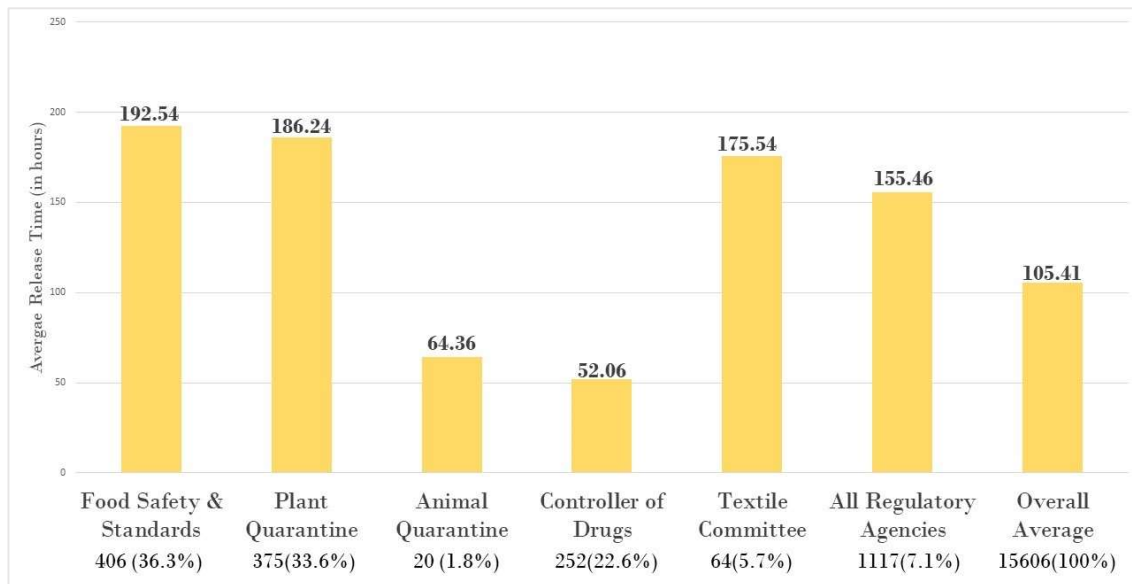


Relying on the results of TRS 2019 and delving deeper into the raw data to gauge the importance of non-fiscal issues and the role of these regulatory agencies, revealed that 1117 bills of entry, accounting for 7.1 percent of the sample, required processing by only these six regulatory agencies, a 54.7 percent reduction from 2467 bills of entry, accounting for 16.9 percent of the sample during TRS 2018 period. Credit for improved PGA risk management is shared by Risk Management Division (RMD) of CBIC and the PGAs, who have classified the relevant customs tariff heads under different categories on the basis of risk, including those relating to importer, exporter and country of origin.

The average release time for these bills of entry was significantly lower at 155.46 hours during 2019 compared to 205.54 hours during 2018. The gap between the overall average release time for all bills of entry at 105.41 hours in 2019 and the average release time for bills of entry referred to PGAs is growing smaller. On comparing the data of 2018 and 2019, it is worth mentioning that the improvement in average release time for bills of entry referred to PGA at 25 percent is in line with the improvement in overall average release time for all bills of entry at 27 percent. This is the result of effective coordination and cooperation between customs and the regulatory agencies. The graph below presents the regulatory agency-wise release time along with the number and share of bills of entry referred to them for testing:

Graph 2

Release time and number/share of bills of entry of different regulatory agencies



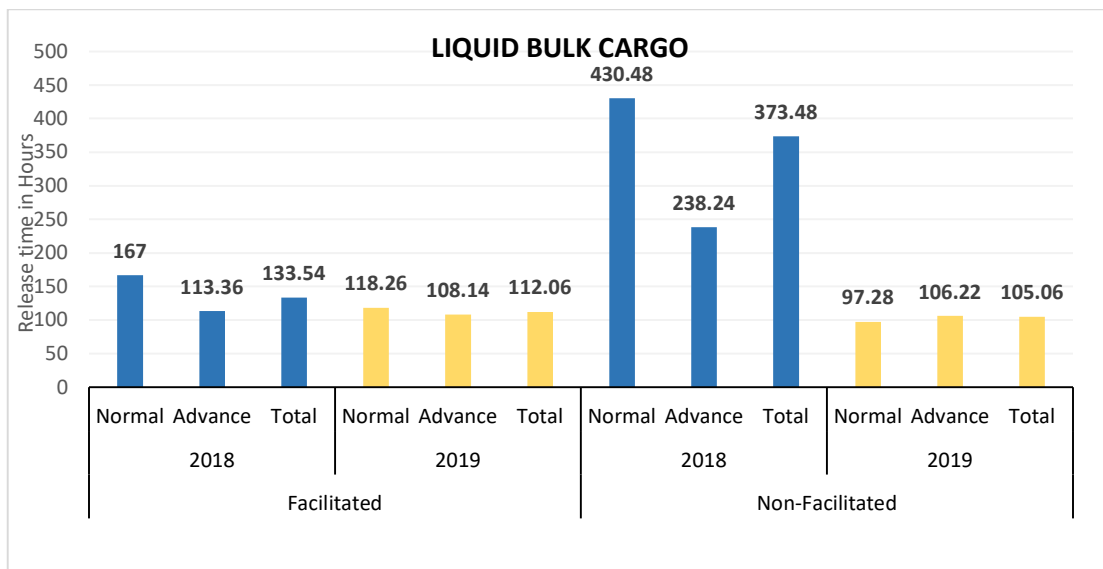
The relatively lower release time for bills of entry referred to Central Drugs Standard Control Organization (Controller of Drugs) and Animal Quarantine and Certification Service (AQCS) is the result of combined outreach efforts by JNCH and the respective PGAs along with pre-arrival processing of bills of entry for the purpose of granting 'No Objection Certificate' and efficient risk analyses of commodities.

To highlight the positive outcomes of border agency coordination and cooperation, the findings of TRS 2019 in respect of 'Liquid Bulk' cargo is elaborated. At JNPT, which is generally known as a major containerized port, two berths, known as BPCL jetty, are earmarked for vessels transporting liquid bulk cargo. The process and issues involved in clearing liquid bulk cargo are different from those relating to containerized cargo. Post berthing of vessel and completion of boarding formalities, the discharge of liquid cargo through pipelines into shore tanks takes place. During the discharge of liquid cargo, sampling is done and representative samples, drawn in duplicate, are sent to DYCC or FSSAI as per nature of cargo, for test. Only after receipt of test report from DYCC/FSSAI, cargo is given out of charge. Hence, the efficient and effective coordination between customs and PGAs for timely release of liquid bulk cargo is of pivotal importance.

TRS 2018 had found that there were certain specific issues relating to clearance of liquid bulk cargo that resulted in average release time of 249.36 hours. Following the recommendations of TRS 2018, JNCH paid special attention to streamline the liquid bulk cargo clearance process, in association with FSSAI. As a result of these measures, TRS 2019 noted the following improvements:

- (i) The facilitation level for liquid bulk cargo has increased significantly from 51.8% in 2018 to 67.4% in 2019;
- (ii) The facilitation level for liquid bulk cargo at 51.8% in 2018 was significantly lower than the average facilitation level of 60.2%. In 2019, the liquid bulk cargo facilitation level of 67.4% is higher than the average facilitation level of 58%. The higher facilitation level for liquid bulk cargo is on account of limited number of regular importers availing the liquid bulk import facility at JNCH, enabling easier implementation of trust-based clearance system.
- (iii) The average release time for liquid bulk cargo bills of entry has been drastically reduced from 249.36 hours in 2018 to 109.49 hours in 2019.

Graph 3
Release time for liquid bulk cargo bills of entry



Delving deeper into the findings of TRS 2019, revealed that the share of advance bills of entry for liquid bulk cargo at 46.4% in 2018 was lower than the overall share of advance bills of entry at 58.7%. In 2019, the share of advance bills of entry at 69.7% for liquid bulk cargo is higher than the overall share of advance bills of entry at 66.2%. This is a result of the efforts of JNCH to “nudge” the importers to file advance bills of entry. Further, the share of liquid bulk bills of entry filed by AEO importers at 55.8% is higher than the share of overall AEO bills of entry at 37%. This highlights the fine tuning of the risk parameters to facilitate higher percentage of bills of entry, using inter alia the AEO scheme.

The commendable improvement in the cargo release process for liquid bulk cargo, so that the average release time for 2019 is only about 44% of the 2018 release time, appears to be the result of the cooperative efforts of JNCH and FSSAI. It is also perhaps the best testimony to the utility of TRS as a trade facilitation tool.

Section 5: Conclusions

It takes an orchestra to play a symphony. Trade facilitation is a kind of orchestra, with a lead role being played by Customs in coordination and cooperation with other border agencies. WCO Council’s strategic policy on Customs in the 21st Century adopted in June 2008 listed better coordinated border management as one of the ten key building blocks for managing borders in today’s environment.

This paper has detailed the overall administrative and regulatory framework relating to customs clearances at borders and the benefits of selected efforts towards cooperation and coordination at JNCH, relying inter alia on the statistical and empirical evidences presented in the TRS. JNCH has been conducting Time Release Studies not only for assessing the impact of various administrative and statutory measures on the behaviour of trade but also for evidence-based policy-making. JNCH TRS has also been used as an outreach and sensitisation tool to make common ground with all stakeholders, recognising the critical role of trade in buy in of the facilitation measures.

Our analyses reveal that sustained and concerted efforts by all stakeholders led by JNCH is essential to reach the TFA target for import cargo release time at 72 hours. Enhanced facilitation by customs is expected to result in further improvement in release time, as seen over the last few years. It is, however, evident that measures by customs alone would not be sufficient to reach the target release time. There is a pressing need for other regulatory agencies to review their risk parameters and processes to reduce the share of interdicted bills of entry and minimize the associated release time. Engagement with concerned stakeholders is essential, particularly to increase the uptake of AEO and DPD schemes highlighting, inter alia, the significant benefits in terms of higher levels of facilitation, lower release time and direct savings. Active resistance of a significant section of the trade to adoption of DPD scheme, merits a deeper analysis to ascertain the reasons for non-adoption of DPD.

Recognising the role of SWIFT in reducing the release time in respect of bills of entry involving non-fiscal risks, efforts towards on-boarding other regulatory agencies must be intensified. For streamlining the process of clearance of liquid bulk cargo, it is imperative that JNCH works in close cooperation with FSSAI to curtail the delays resulting due to cumbersome testing procedures.

To ensure inter-agency coordination, certain good practices like issuing of joint instructions that define the procedure of implementation of border controls need to be encouraged. Mechanisms to facilitate dialogue between Customs and the trade is conducive to mutual trust and cooperation and assists in improving trader compliance as well as effective implementation of border reforms. For trade facilitation to be achieved, a 'whole-of-government' approach to border management is pivotal where all government agencies involved in international trade flow are responsive to the global trade facilitation effort.

In the wake of WCO dedicating 2019 to the swift and smooth cross-border movement of goods, people and means of transport, with the theme "SMART borders for seamless Trade, Travel and Transport", Customs acting as a central connecting and coordinating hub working with other agencies at the border, plays a pivotal role in facilitating trade and travel; simplifying, standardizing and harmonizing border procedures; and securing the borders.

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Manas Ranjan Mohanty
Manas Ranjan Mohanty an officer of 1992 batch of the Indian Revenue Service (Customs and Central Excise) is presently posted as Commissioner of Customs at Jawaharlal Nehru Customs House (JNCH), Nhava Sheva. In his capacity as Commissioner he has chaired numerous Permanent Trade Facilitation Committee (PTFC) meetings at JNCH and is leading the border agency coordination efforts at JNCH.
Sruti Vijayakumar
Sruti Vijayakumar an officer of 2016 batch of Indian Revenue Service (Customs and Central Excise) is currently posted as Assistant Commissioner of GST at Mumbai Zone. Since her probation days as an officer trainee, she has been involved in the execution of Time Release Studies at Jawaharlal Nehru Customs House (JNCH). She is also associated with trade facilitation related research at JNCH.
Vijay Singh Chauhan
Vijay Singh Chauhan an officer of 1992 batch of the Indian Revenue Service (Customs and Central Excise) is currently Additional Director General, Directorate General of Vigilance at Mumbai Zonal Unit. He has been instrumental in the conceptualisation and execution of the Jawaharlal Nehru Customs House Time Release Studies. He has also authored a number of papers in the area of trade facilitation.