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TRADE FACILITATION MEETINGS AT MAJOR PORTS

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INTRODUCTION

Over the last few years, the government has taken several measures for trade facilitation and ease of doing business. These measures include introduction of the SWIFT system, digitisation of various documents like form 13 and the use of digital signature for clearance. Among the same strand of measures, the CBEC also introduced the concept of trade facilitation meetings at each seaport and airport to tackle the issues faced in day to day operations at the ports and facilitate inter-agency coordination. These meetings were introduced in the form of Permanent Trade Facilitation Committee (PTFC) meetings and Customs Clearance Facilitation Committee (CCFC) meetings.

PTFC was set up after the recommendations of the Task Force on Indirect Taxes (2002)¹ as a committee to be headed by the Commissioner of Customs at each customs station. PTFC was introduced in order to tackle the operational impediments faced in day to day activities at the ports. Vide Circular No. 42/2013, CBEC made it mandatory for PTFC meetings to be held at least once every month.

On similar lines, in 2015, CBEC introduced CCFC vide Circular No. 13/2015-Custom, in order to facilitate coordination between various agencies involved in the customs clearance process. This was deemed necessary because any delay by a particular agency is invariably seen as a delay in the customs clearance process as a whole. The terms of reference of both PTFC and CCFC are given in table 1.



Table 1: Terms of Reference of PTFC and CCFC

| PTFC ² | CCFC ³ |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Apex trade bodies are allowed to attend the PTFC meetings along with their local constituents, who are members of the PTFC • Minutes of the PTFC meetings are sent to the Board through Directorate General of Export Promotion on issues having all India implication, if any • Efforts are made to regularly review the membership of the PTFC with the aim of including all stakeholders in the Customs functioning • Chief Commissioners/Commissioners are receptive to meeting local and apex trade bodies even outside the framework of the PTFC • The PTFC meetings to be held at all Customs locations • The PTFCs to be held regularly with minimum of one meeting each per month on a pre-decided date | <ul style="list-style-type: none"> • Ensuring and monitoring expeditious clearance of import and export goods in accordance with the timeline specified by the parent ministry/ department concerned • Identifying and resolving bottlenecks, if any, in the clearance procedure of import and export goods • Initiating Time Release Studies for improvement in the clearance time of import and export goods • Having internal consultations to speed up the clearance process of import and export goods, and recommending best practices thereto for consideration of CBEC/Departments/Agencies concerned • Resolving grievances of members of the trade and industry with regard to clearance process of import and export goods • The CCFC to meet once a week or more frequently, if considered necessary by the chair |

Since their inception, the trade facilitation meetings have had several achievements. For instance, at JNPT, steps towards decongestion of the y-junction and port gate, and inclusion of stakeholder like the textile committee at the meetings were taken due to initiatives taken at PTFC meeting. Similarly, at Cochin Port the dwell time of cargo has reduced considerably due to steps taken at the CCFC meetings such as the availing the facility of obtaining Let Export Order (LEO) at the port gate rather than at the CFS. Such successful initiatives have added credibility to these meetings.

The PTFC and CCFC meetings have been effective in tackling the day-to-day issues affecting the port and CFS operations. This had led to smoothening out of few trade procedures, reducing congestion at the ports and streamlining the role of agencies. On one hand, the trade is positive about the effectiveness of the meetings, while on the other hand, much needs to be done to ensure participation, transparency and effectiveness.

¹Report of Task Force on Indirect Taxes, October 2002, Ministry of Finance and Company Affairs, Page 15

²Circular No. 42/2013-Customs <http://www.webtelacademy.in/actpagedisplay.aspx?pagename=18823&CompanyId=0>

³Circular No. 13/2015-Customs <http://www.cbec.gov.in/htdocs-cbec/customs/cs-circulars/cs-circulars-2015/circ-13-2015cs>

OBSERVATIONS

- 1. Need for greater stakeholder participation at PTFC and CCFC:** Through interactions with the trade at various ports, it was gathered that not all stakeholders are part of the PTFC and CCFC meetings across major ports. Absence of stakeholders like Customs Brokers and PGAs from CCFC meetings was reported across ports. For instance, at Vishakhapatnam Customs House, the PGAs and private CFS operators are yet to form a part of the meetings. According to CBEC Circular No. 13/2015, the CCFC meeting should include the 'senior-most functionary' of departments like plant quarantine, animal quarantine, custodians, FSSAI, railways, CONCOR, etc. Further, participation of the port authorities – the Chairman/deputy Chairman and the traffic manager - is required at both PTFC and CCFC meetings for deliberations on necessary measures towards reducing dwell time at port.

Absence of important agencies and associations from the trade facilitation meetings dilutes its effectiveness. Such meetings seek to increase functional cooperation and facilitate the implementation of good practices in day-to-day trade operations. In order to comprehensively evaluate the functioning of existing port initiatives and throw light on areas for introduction of new ones, it is important that stakeholder participation be maximised. If a member of the trade is not part of the meetings, it is pertinent that the same appraises the relevant Customs House about the need. Similarly, the Customs need to be proactive in inviting all the relevant stakeholders in the meetings to ensure optimum participation.



- 2. Need for uniformity in frequency of meetings:** According to CBEC Circular No. 42/2013-Custom and Circular No. 13/2015-Custom, PTFC and CCFC meetings are supposed to take place ‘minimum once a month’ and ‘once a week or more, if required’, respectively. However, it has been observed that a uniform pattern in the convening of such meetings is not followed across all the major ports in the country. At some ports, while the PTFC meetings take place once a month, CCFC meetings are conducted once in two months (see table 2). Further, there have been instances where PTFC and CCFC meetings have not been held consecutively for two months and then held for the next two months successively.

Regular and need-based scheduling of meetings is an important part of the trade facilitation process. It is necessary that the meetings take place at periodic intervals so as to ensure even participation of the stakeholders and effective implementation of the initiatives taken during the meetings.

Table 2: Frequency of PTFC and CCFC meetings at major ports*

| Port | PTFC | PTFC MoM [#] | CCFC | CCFC MoM |
|-----------------------------|-------------|-----------------------|---------------------------------|--------------|
| JNPT | Monthly | Uploaded | Bi-Monthly | Uploaded |
| Kolkata & Haldia Port Trust | Monthly | Uploaded | Last meeting held on 16.06.2016 | Not Uploaded |
| Cochin Port Trust | Monthly | Uploaded | Monthly | Uploaded |
| VOC Port Trust | Bi-monthly | Uploaded | Bi-monthly | Uploaded |
| Vishakhapatnam Port | Not regular | Not regular | Not regular | Not regular |

**based on information collected from each Customs House website | [#] Minutes of the Meeting | Note: Website of Chennai Customs House did not work as on 25.12.2016*

- 3. Need for timely online representation of minutes of meeting:** Vide CBEC Facility Notice F. No. 296/35/2014 CX.9, it is mandatory for all Customs House to upload the minutes of CCFC and PTFC meetings on their respective website. However, instances of the same not being uploaded online have been observed at certain ports (table 2). While JNPT has ensured timely sharing of minutes, ports like Vishakhapatnam and Kolkata have witnessed delays in uploading of minutes on the customs website, which needs to be addressed.

It is necessary that the minutes of the meetings are uploaded online to maintain transparency of discussions, preserve record of deliberations and course of action as well as accredit accountability on the implementer of the undertakings during the meetings.

- 4. Need for periodic participation from the union government at the meetings:** It is suggested that senior members from CBEC, New Delhi, periodically attend the PTFC and CCFC meetings at the port-level in order to gauge its functioning and effectiveness. The periodicity of the said participation may range from quarterly to semi-annual. Further, in such a scenario, the issues that need to be resolved at the CBEC level may also be presented - by the trade - directly to the officials. This development can potentially play an important role in bridging the communication gap that the trade across various ports reportedly experience with the union government. It is also expected to act as a major driving force for inculcating necessary seriousness and highlighting the significance of these meetings among stakeholders and officials at the local level.

- 5. Need for participation from all Partner Government Agencies (PGAs):** Currently, there are 19 PGAs which take part in the clearance processes across sea ports, including FSSAI, Plant Quarantine, Animal Quarantine, Drug Controller, Textile Committee, Wildlife Authority, etc. It has been noted in several CCFC

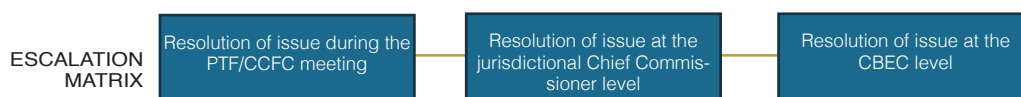
meetings that participation from the PGAs has been limited, with most agencies not participating at all. In CCFC, mandatory participation from 'senior-most functionary' of the following PGAs is required at every meeting:

- Food Safety Standards Authority of India/Port Health Officer (PHO)
- Plant Quarantine Authorities
- Animal Quarantine Authorities
- Drug Controller of India (CDSO)
- Textile Committee
- Port Trust/Airport Authority of India/Custodians
- Wild Life Authorities
- Railways/CONCOR
- Pollution Control Board
- Any other Department/Agency/Stakeholder to be co-opted on need basis

The permission to clear goods by Customs is given only if there is a clearance/NOC provided by the concerned PGAs. The inception of CCFC was based on facilitating inter-agency clearance, wherein the aforementioned agencies play an important role in ease of doing business by affecting the dwell time of cargo. Therefore, active participation of these agencies in CCFC meetings is of utmost priority.

6. Demarcation of issues in PTFC and CCFC and formation of an issue escalation matrix: Both PTFC and CCFC meetings are chaired by the Chief Commissioner of Customs/Commissioner of Customs of the zone. At times, overlap and repetition of issues discussed in these meetings. For instance, issues such as lack of 24x7 payment processes at CFSs, dearth of single window clearance facilities, PGAs requiring hard copies of Bill of Entry, etc. have been discussed at both PTFC and CCFC meetings held at JNPT in July 2016. Such repetitions may be avoided to make both meetings more effective.

PTFC should take the onus of tackling day-to-day issues at a port such as those related to CFS operations and port operations, while CCFC needs to focus on concerns regarding inter-agency coordination and policy level issues that need to be taken to the CBEC and other relevant agencies in New Delhi. It is necessary to demarcate the issues to be discussed in both meetings to ensure effective developmental initiatives as well as grievance redressal. Further, for issues which remain unresolved over a maximum of three trade facilitation meetings, an escalation matrix needs to be developed, to address such issues at a higher level with the relevant agencies involved. Such a step would facilitate streamlined redressal of issues with the appropriate authorities.



7. Laying emphasis on discussing innovative trade facilitation measures in the meetings: At Indian ports, both PTFC and CCFC meetings have majorly become grievance redressal platforms and the focus on innovative measures towards trade facilitation, ease of doing business and improving logistics performance has not been optimum. The stakeholders participating in these meetings are important recipients of facilitation measures in EXIM trade and it is pertinent that they submit innovative measures towards streamlining of procedures, removal of redundant processes and introduction of steps towards lowering of transaction costs.

For instance, the trade and steamer agents can discuss the best possible way to implement the e-DO scheme. To achieve that purpose, the Chief Commissioner of Customs, Air Cargo Complex, Sahar adopted a two-stage approach, entailing the issue of a Public Notice inviting members of the trade to participate in trials followed by another Public Notice to enforce full scale launch of electronic delivery orders. Such a model can be deliberated upon by the trade in the meetings, which would go a long way in

faster implementation of the same. The focus on developmental activities can be bolstered by necessary initiation from the customs, regular discussions on new initiatives by the trade and fervent participation from all stakeholders in ensuring timely implementation. The Customs also needs to come up with measures to incentivise the trade on proper implementation of the undertakings during the meetings so as to build an environment of enthusiasm towards trade facilitation.

- 8. Prior intimation to Customs about the agenda for trade facilitation meetings:** Currently, a considerable amount of the time at the trade facilitation meetings is being utilised to explain the issues/ concerns of the stakeholders in detail. This leads to delay in deciding a redressal mechanism or passing a decision on action to be taken, which at times spills over to the next meeting. There is a need for submission of concerns by the stakeholders prior to the meetings for effective time utilisation during the meetings. Such a step would facilitate the redressal mechanism of the concern and also ensure that more issues can be addressed during the same time window.
- 9. Need for a mandate on post meeting follow-up:** Trade facilitation meetings are ineffective if the stakeholders who need to co-ordinate – on the implementation of measures discussed - post meeting do not take any concrete steps towards the same. Currently, there is no mandate on any existing official to oversee the same. The requisite follow-up on the issues discussed are done in the successive trade facilitation meeting, which makes the process time consuming. It is important that a Customs official be deputed to monitor the progress on initiatives taken during the meetings rather than waiting for the next meeting for evaluation. The official may also address any bottlenecks arising during the implementation of key reform measures and ensure speedy execution of the same.

Trade Facilitation Committee Meetings bring credibility to the process of international trade by facilitating domestic coordination of different agencies and actors involved. They play a key role in strengthening the grievance redressal mechanism and ensure effective coordination between relevant stakeholders for the implementation of policies and reform measures, thereby providing necessary fillip to the trade environment of the country. The effectiveness of these meetings relies heavily on the executive and administrative commitment by all the stakeholders. So far, the trade facilitation meetings have garnered considerable support from the trade as well as the policy establishment, and has been seen as an important developmental initiative by the stakeholders. However, it is expected that the aforementioned observations will go a long way in facilitating necessary improvements in the mechanisms involved, in order to make these meetings even more effective in the times to come.

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