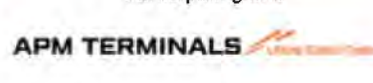




DIRECT PORT DELIVERY

GAME CHANGER INITIATIVE BY MUMBAI CUSTOMS (JNCH)



Participating CFS

'CUSTOMS IS NO MORE A REGULATOR NOW IT IS A FACILITATOR'

Ananya Ray, IRS, Member (Customs, Legal, Central Excise and Service Tax), congratulated her team in Mumbai customs and Nhava Sheva customs as well as the trade for DPDs success, during the DNA JNCH DPD Awards 2017 function

It's a matter of great honor for me to be at this DNA JNCH DPD AWARDS this evening to recognize some of the revolutionary steps government of India has taken in partnership with the trade and industry. It was said during the panel discussion that customs is no more a regulator its a facilitator, that's music to our ears!

Things have changed today thanks to the present government. During the last 2-3 years we have seen there has been a tremendous change in the way we do business. In the last few years we have introduced many reforms, specially the customs department. You have 24x7 customs clearance in most of the ports of the country, reduction in documents - earlier one had to file 11-12 documents, we have reduced it to three now - and many

other measures like that.

One of the most revolutionary things we did was to introduce the single-window system last year. This has reduced the dwell time considerably because earlier people had to go to different government agencies to take clearances. Now, we have tried to put it online so that people don't have to do the running around. Yes, there are still issues and we are trying to sort it out with our partnering government agencies but it has started working well.

DPD focus of course is the recent initiative. I would not say that DPD is something which is new, this concept was there for quite some time but it was not taking off. To that I must congratulate my team at Nhava Sheva customs as well as the trade. Without the

trade and industry, we are nothing. All these measures are meant for the facilitation of trade.

We are not here only to collect revenue - although that is a major part of our job - but also to facilitate trade and if the trade has accepted it, well I think that's where success lies.

Nhava Sheva has done very well, DPD volumes is over 30% and I am very confident that by the end of the year it will be at a much higher percentage. I am now goading the other custom houses to also start the DPD. Kolkata has DPD, some of the other ports have DPD, but not in the way it is done in Nhava Sheva. I have asked Dr John Joseph to train the officers at other ports so that they can also start a similar thing there. I congratulate the DNA JNCH DPD Awards 2017 winners.



Dr John Joseph, Chief Commissioner of Customs (Mumbai Zone-II), Jawaharlal Nehru Customs House (JNCH), receiving the Platinum Trophy from Ananya Ray, IRS, Member (Customs, Legal, Central Excise and Service Tax) for his relentless efforts towards implementation of DPD

'DPD has really picked up during the past few months'

Dr John Joseph, Chief Commissioner of Customs (Mumbai Zone-II), Jawaharlal Nehru Customs House (JNCH), shared key facts and figures at the awards function

Thank DNA and the Zee Group for coming out with this edition of DPD awards, which will definitely give it the much-needed exposure that it requires among stakeholders, port community and industry as such.

We have gone through a very tough time initially, though one cannot fathom what could be the reason.

Government becomes a facilitator, the people who are supposed to be facilitated are having the resistance to that, I am still not able to understand the reasons. But now it has really picked up.

Visible transformation

The biggest resistance was coming from the importing community who is the biggest beneficiary of this. They have joined hands with us and now I think the move up will be much faster and that can really be seen in what is happening at the port also.

The dwell time which used to be around 9-12 days has come down to less than 5-5.25 days and 94% of the total consignments are getting cleared in almost less than 3 days. That is the type of efficiency that we could get into the port and 88% gets cleared in less than one day, or 24 hours!

Holistic approach

We are not only concentrating on the import side but on the export side too. Almost 76% of boxes are going as DPE now and there is a customs officer to do the examination 24x7.

We are available during the night too but unfortunately I have to say the increase in numbers from 10.00 pm at night to 5.30 am in the morning has hardly gone up from 1% to 2%.

All the stakeholders should utilize this facility, because the customs is utilizing its scarce manpower for it.

If all of you join together then more boxes can come in during that time and the clearance would be much easier and faster.

Not only for the examination, we are giving the customs assessment, export assessment also, 24x7, on all Saturdays, Sundays and everyday there is an officer in charge.

Initial apprehensions

All the stakeholders are mutually supporting us and without that this could not have gone forward. If you look at it, the customs used to be the favorite 'Whipping Boy' of everybody.

But have you heard by anyone in the country, about a dharna taken by almost 5000 people surrounding the custom house with banners and shouting slogans saying that customs should not clear faster?

I have never seen that because their problem is that customs al-

ways delays. So I think initially there were apprehensions.

Then the problems have changed people are more than happy and supportive. I thank all the stakeholders. I would also like to thank my team.

Congestion eliminated

There used to be congestion in the port but this year there was no congestion.

The credit goes to Pritee Chaudhary, IRS, Joint Commissioner, Nhava Sheva Customs, and her team.

Every day I can see from my window if there is any congestion or blockage, I can see it very clearly. Immediately the team is sent.

The boarding team goes to the terminal and sees that the entry inwards to the terminal are kept at a constant rate of four boxes per minute.

The moment somebody sitting at the terminal reduces his output

for 2 hours it can create a congestion in the entire road. In this case the terminal management were also extremely helpful to us.

Any initiative will have a huge resistance and when you are in trouble, the person who supports you most helps in producing that change.

For that I would like to thank Ananya Ray, IRS, Member (Customs, Legal, Central Excise and Service Tax) for giving that support and helping us in this regard.

With the Ministry of Finance supporting us completely we have no other problems to face.

We need to educate the trade, the stakeholders in the port community in order to move this concept forward.

AEO thrust

Now, the customs will focus on the Authorised Economic Operator (AEO) problem. The concept is already there but the response has

been very poor so far.

With AEO, customs allows you to take the boxes within 15 minutes of the boxes landing on the terminal, you can take it as per the DPD, under the AEO you don't even have to pay duty at that time. Now, what more can the customs do?

We are going to give a very strong push to the Authorised Economic Operator (AEO) program and maybe we will be hand-holding you to see everybody moves in unison and get through the AEO problem.

Joint effort
All the stakeholders, basically the importer community will also move forward and help us in this regard of the AEO problem.

Once this is achieved, I think we can be one of the best ports in the world on which the other ports can be benchmarked. We can do it, we will do it!



RECOGNITION FOR CUSTOMS OFFICIALS



Dhirendra Lal, Additional Commissioner, JNCH receiving the Gold Trophy on behalf of Shrawan Kumar, Commissioner, JNCH as a recognition for his contribution in the overall implementation of DPD



Subhash Agarwal, Commissioner, JNCH receiving the Gold Trophy for his contribution in the overall implementation of DPD and especially offering real time solutions pertaining to DPD



C P Singh, Deputy Commissioner receiving the Gold Trophy as a recognition for providing ground level assistance and playing crucial role in the overall implementation of DPD



Dr John Joseph, Chief Commissioner of Customs (Mumbai Zone-II), Jawaharlal Nehru Customs House (JNCH) shares his views at the panel discussion held during the DNA JNCH DPD Awards 2017 function

'A win-win proposition for all stakeholders'

Dr John Joseph, Chief Commissioner of Customs (Mumbai Zone-II), Jawaharlal Nehru Customs House (JNCH); Umesh Grover, Secretary, CFSAI; Neeraj Bansal, Dy. Chairman, JNPT; Vinod Bhatt, Head of Logistics – HP; Capt Deepak Tewari, Chairman, CSLA and Ashish Pednekar, President BCBA, participated in a panel discussion titled DPD – A Game Changer Initiative under 'Ease of Doing Business' held during the DNA JNCH DPD Awards 2017 function, which was moderated by Pramod Sant, Vice President –Head of Import Export and Export Control and Customs, Siemens Ltd. Some excerpts from the views presented

Pramod Sant: Congestion, delays, etc. This was the image of JNPT a couple of years back. Today we see a totally different picture. So Dr. John Joseph, you came and undertook a lot of initiatives. How was this journey to change the image of JNPT?

Dr. John Joseph: Though the Direct Port Delivery was available for industry from the year 2008 onwards, hardly 3-4% of the boxes were moving out using this facility. And with the excellent risk management system at our hand, we found that almost 17% of the boxes don't have to go to any place except for the verification for the custom seal. But still all these boxes go for the longer journey to the CFS and from there after examination to the factory. So why can't we implement something like allowing a faster clearance, cutting down this journey from the terminal to the CFS and saving a lot of cost to the importer? And that is how as an initial response the JNCH had given this facility of DPD status to almost 500 importers.

Initially, even after a month or so, there was no positive response from the industry, except a few persons. Then I tried speaking with almost 500 people, requesting them, finding out the savings that each of them are going to make in a year, asking them why can't you do it or if you're still not interested in making money for you, use it for some corporate social responsibility programs. Then the thing started moving. A lot of people appeared but, as usual, lot of objections or excuses were there. Basically people are reluctant to change or afraid of change. Though we all know that change is the only thing that is permanent. But then we could convince them and through the number of public notices that has been issued in that year, you can all see that it is a record in JNCH. And thanks to Subhash Agrawal, Commissioner of Customs, Nhava Sheva. Any problem, any stakeholder comes to us, the immediate solution comes in the name of a public notice or a standing order so that the problems are solved. The numbers speak for themselves; more than 300 have been issued from August till now, standing orders, public notices are put together and that helped a lot. And that saw DPD

transactions jumping up from almost 3% to 28% in February. From then onward we were able to increase the Direct Port Delivery to almost 35% and every month to month it is increasing by 2-3% which we expect to increase by next few months with more people coming in, more people being given the status of DPD client as such. And this has really given lot of savings to the industry. The importers who were reluctant to take it have been coming into the DPD fold, some people have even stated that they make a profit or saving of Rs 10,000-40,000 a box. Not only that, the turnaround time has come down drastically. People find it better to import in JNPT and to take it to even places in Gujarat and other places. The issue of the 'No-Use Bond' has tremendously helped the pharmaceutical industry as there is no loss of time in the entire transaction. The delays have been cut down drastically. Profits have gone up and now every stakeholder is supporting this initiative and wholeheartedly giving new suggestions on a daily basis also.

Neeraj Bansal: It really took a lot of pain and effort in decongesting the JN Port. It was next to impossible to implement DPD if the port was congested. There are two components of DPD, software and hardware. Software work is handled by the customs where lot of procedures and improvements have to be done for early out of clearance charges. While the real hard work, if you look at the planning, the handling, the checking, in real sense carrying this load of DPD, it remained on the port. And I must compliment my other stakeholders who took the pain in working out this logistics solution. JNPT poses a serious problem in carrying out DPD operations almost everyday. Our team of port officers, our terminal police keep on managing this. In April and May this year, we have seen a growth of almost 8% in the cargo at JNPT. I'm sure the more the number goes up, people will realise that this kind of cost benefit comes when you deal with the JNPT. More and more cargo will be handled at JNPT. More cargo means that every stakeholder will be enriched by this. So I'll look at a step towards long sustainability

and maintaining of number one position for the JNPT for years to come. Probably this cost reduction can put us on an absolutely different zone altogether on creating value for the business. So we can be the first port, as far as the choice of trade is concerned, when they deal with a terminal. A challenge further remains with this. Today we are dealing with 35 or 34% of DPD clearances but there are still 65% containers, importer containers. So this remains a huge challenge for the regulatory agencies - how to clear these cargo early so that this benefit spreads to sectors across and it doesn't remain confined to 1000-1500 clients, it goes to almost everybody around. For that my suggestion is that all stakeholders have to re-engineer, rework their businesses. We are comparable to any international port at this point of time as far as efficiency is concerned.

Umesh Grover: All of us support DPD without fail. There's no two ways about it. JN Port is designed as a CFS based port. Evacuation could prove a challenge. And I think the CFSes combined today are our partners in evacuation. And almost 50% of the DPD is still being facilitated through the CFSes. There are certain types of cargoes where an importer likes to take delivery directly to his doorstep. With other cargoes, importers would like to have some value addition, some segregation, aggregation and they need some time. Those importers still prefer to come to us, and we are being a very important link in the chain for the success of DPD.

Ashish Pednekar: If anybody was the first to support the DPD, it was the custom brokers. We wholeheartedly did that, when the idea was brought out and immediately we said yes. Because we were seeing that the negative growth of the port was really hurting us as custom brokers. It was difficult to convince the customers as well as our own members as a President because we don't accept anything new immediately. But we had given no choice because the Chief Commissioner was very firm on doing this and I really congratulate him. Clients were moving to other ports. Now I'm happy to see

that our clients are coming back. We have seen growth from 7-10%. I would like to compliment the JNCH and the entire customs that they have done a fine balancing between the entire chain of working.

Pramod Sant: Dr John Joseph, I heard that you personally wrote close to 400 to 500 letters to various companies' CEOs, which is first time we ever heard of such a thing happening. So what was the reaction and how you could convince some of them?

Dr. John Joseph: The CEOs were stunned. They were pleasantly surprised to find that somebody is asking them and somebody is trying to convince them for facilitation. One of the biggest corporates came, they said Sir we have one of the biggest bureaucracies in the country in business, and it will be very difficult for us to implement these procedures. It will take us minimum three to four months. Solutions were given and discussed. Still people weren't willing to see or talk reason. There were still a lot of excuses. Then I had to tell them that look I will write another letter to your chief saying that thank you for sending your team but they have this difficulty. I hope that you will be able to resolve these difficulties in a logical way and advise them accordingly. The moment I said this, the team immediately started saying 'Sir don't do anything like that. We will do it in three days time.'

It was the same story with the MNCs too. They said they will not take DPD because they have a problem. I said nothing can be done because you are supposed to follow this. You are going to save money, I am not allowing you to waste your resources. We said okay look none of the containers, none of the boxes are going to get to the terminal unless and until you are going to follow the DPD way. People refused. And one day the entire team came to me saying that look our production is going

to be stopped so kindly clear our containers. I said nothing doing, discussions are going on, all the problems are very simple, silly problems. And ultimately I had to tell them that if this is the case then I will release it but on a condition. I am going to prepare a letter in English, convert it to a language, which is known to your CEO. I'll send it across to you. The moment I told this, they all immediately said that 'Don't do that Sir, we are going to do this.' So this is a type of resistance that is there in the community. One good thing about that I will say, is that you saw the other side of the stories also. All these people, who resisted so badly, came back to me and told me and sent letters personally to thank me that though we felt bad in the beginning, now because of your initiative, we have been able to save a lot of money and a lot of time and thanks for that. So that also has to be appreciated. They have given the appreciation to me and to the department. So that is a positive side of the transaction between the department and those parties.

Capt Deepak Tewari: This entire port terminal was built on a model of off dock clearance. To establish Direct Port Delivery in a port system which is built for off dock clearance, was the challenge. And that challenge has been surmounted thanks to the Chief Commissioner of Customs, Dr John Joseph, thanks to the senior management that is Neeraj Bansal, and the Chairman of JNPT, thanks to all the stakeholders, that is the private terminals, the BCHAA, the CFS stakeholders, and to the shipping lines, that this has been made possible. The figure of 30% will go up and will go up this year itself to well over 40%. So if a target has been set for 40%, it's a very simple target to achieve. And we'll see the figures mounting day by day as more and more customers, more and more importers, will actually start clearing their goods in the facilitation of Direct Port Delivery. I

thank the customs and the senior management of the customs who have changed the game from a regulator to a facilitator.

I think the port officials who have created systems and processes whereby export and import are facilitated because congestion has actually not been a reality during 2017. This is commendable. As far as the shipping lines are concerned, we came forward and said we are going to cooperate and we are going to be with all of you to make sure that this is a success. We have started filing our IGMs 72 hours in advance of the vessels' berthing, we have started process of delivery orders, e-delivery orders, e-invoices and to ensure that there is a facilitation to the trade, to the importers, to clear their cargo in the shortest possible time. And what have we gained? The quicker there is a clearance of import cargo, the faster we get our containers, and so that we can utilise it for export. So the entire turnaround and the entire ecosystem is going to save. So it is not only the importers, but the entire ecosystem and JNPT will save money on this facilitation that has been done. And I thank all the stakeholders for contributing their respective efforts to make this an absolute success.

Vinod Bhatt: DPD is not just an initiative. I think it's a paradigm shift of mindset across all the stakeholders. A lot of credit goes to Dr Joseph and the entire customs team under the leadership and guidance of the political regime. DPD not only brings out the cost efficiency, but it creates a lot of efficiency in the system through saving the turnaround time (TAT).

The whole turnaround from a 5-7 days TAT to a 24 hour TAT makes a difference actually. And every day's TAT has a big impact on the inventory that we carry, specially for our products which have a very short back shelf life. A day's inventory makes a big difference. So, the benefit actually goes to the final customers.

DNA JNCH DPD AWARDS 2017 HIGHLIGHTS



Jagdish Chandra, CEO, DNA & ZEE Regional News cluster presents a bouquet to Ananya Ray, IFS, Member (Customs, Legal, Central Excise and Service Tax)



Jagdish Chandra, CEO, DNA & ZEE Regional News cluster presents a bouquet to Dr. John Joseph, Chief Commissioner of Customs (Mumbai Zone-II), Jawaharlal Nehru Customs House



Ananya Ray, IFS, Member (Customs, Legal, Central Excise and Service Tax) lights the ceremonial lamp to formally inaugurate the DNA JNCH DPD Awards 2017 function



Dr. John Joseph, Chief Commissioner of Customs (Mumbai Zone-II), JNCH and Rajeev Tandon Chief Commissioner, Mumbai Customs, Zone - 1 light the ceremonial lamp



Ananya Ray, IFS, Member (Customs, Legal, Central Excise and Service Tax) shared insights on the changing industry perceptions regarding DPD and customs in her address



Dr. John Joseph, Chief Commissioner of Customs (Mumbai Zone-II), Jawaharlal Nehru Customs House (JNCH) gave the inaugural address



A four-page special feature demystifying the DPD concept was released during the function by (L to R) Capt. Tewari, Chairman, CSLA; Neeraj Bansal, Dy. Chairman, JNPT; Dr. John Joseph, Chief Commissioner, JNCH; Rajeev Tandon Chief Commissioner, Mumbai Customs, Zone - 1; Pramod Sant, Logistics Head-Siemens India; Umesh Grover, Secretary, CFSAI; Vinod Bhatt, Logistics Head-HP India and Ashish Pednekar, President, BCBA



Senior Customs officials observed the proceedings with rapt attention



Senior dignitaries present at the DNA JNCH DPD Awards 2017 function appreciated the perspectives shared during the panel discussion



Neeraj Bansal, Dy. Chairman, JNPT receives the Gold Trophy from Ananya Ray, IFS, Member (Customs, Legal, Central Excise and Service Tax) for jointly implementing DPD with JNCH



Senior Customs officials present at the event



Kruti Jobanputra, Director-JWC Logistics with Dr. John Joseph, Chief Commissioner, JNCH and Neeraj Bansal, Dy. Chairman-JNPT at the DPD FAQ book release ceremony



Ravinder Singh Johal, CEO, NSICT receives the Gold Trophy



Amit Bhardwaj and Alok Mishra from GTIL receive the Gold Trophy



Capt. Ashish Chandra, Director and Senior Officials from Speedy Multimodes Ltd. receive the Gold Trophy



Umesh Grover and Capt. Nishit Joshi receive the Gold Trophy on behalf of CFSAI



Capt. Deepak Tewari, Chairman, CSLA receives the Gold Trophy



Ashish Pednekar, President, BCBA and Karunakar Shetty, President Elect, BCBA receive the Gold Trophy



Nikhil Modi, Chairman-Exim Multimedia receive the Gold Trophy in recognition of offering a credible media platform to the EXIM trade



Supreme Industries receives the Platinum Trophy



LG Electronics receives the Platinum Trophy



Responsive Industries Ltd. receives the Gold Trophy from Ananya Ray, IRS, Member (Customs, Legal, Central Excise and Service Tax)



Ananya Ray, IRS, Member (Customs, Legal, Central Excise and Service Tax) being presented with a Memento by the Chief Commissioners' Mumbai Customs: Dr. John Joseph, Rajeev Tandon and Devender Singh during the DNA JNCH DPD Awards 2017 function



HP India receives the Gold Trophy



Laxmi Board & Paper Mills Pvt. Ltd. receives the Gold Trophy



Best Paper Mills Pvt. Ltd. receives the Silver Trophy



Poddar Global Ltd. receives the Silver Trophy



Ramniklal S. Gosalia & Co. receives the Silver Trophy



MP Industries Ltd. receives the Silver Trophy



Lloyd Electric & Engineering Ltd. receives the Silver Trophy



JBF Industries Ltd. receives the Silver Trophy



Bajaj Electricals Ltd. receives the Silver Trophy



Samsung India Electronics Pvt. Ltd. receives the Silver Trophy



Intex Technologies India Ltd. receives the Silver Trophy



Reliance Industries Ltd. receives the Silver Trophy



Samsonite South Asia Pvt. Ltd. receives the Silver Trophy



Asian Paints Ltd. receives the Silver Trophy



Anto Joseph, Editor, DNA Money offers the vote of thanks

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