


**MESSAGES**

## 'Attitudes have become quite positive'



This has been observed that the attitude of importers towards the DPD system has become quite positive in recent times. This can be largely attributed to the sustained government efforts towards enhancing awareness and promoting the concept in different ways. Their encouraging response augurs well for the economic growth of this nation going forward. By opting for DPD, one can cut down on multiple movements of the cargo, which translates into substantial direct and indirect cost savings. The concept has proven to be a true fa-

ilitator for those who want to conduct business in a faster and more efficient manner. Shaping opinions about such a concept and getting importers to wholeheartedly adopt a concept like Direct Port Delivery requires some form of recognition and appreciation. The DNA JNCH DPD Awards 2017 are an excellent way of accomplishing this purpose and will serve as a confidence booster to all the stakeholders.

— **VANAJA N. SARANA**  
 Chairman, Central Board of Excise and Customs

## 'JNCH has rightfully led the way'



The Indian Government is committed to the holistic development of the country and recognizes the crucial role played by the business sector. Towards this objective, trade and business need to be facilitated and the regulatory and compliance environment to be made more efficient and less taxing. The buzzword of "Ease of Doing Business" seeks to encapsulate the entire gamut of efforts that are being made to take India to its rightful place among the community of nations that are most favoured by the global trade. The Direct Port Delivery (DPD) is an initiative of the Indian Customs to benchmark itself against the most efficient ports in the world, and JNCH

has rightfully led the way. DPD is expected to bring about great efficiency in trans-border movement of goods and give a fillip to the fast modernizing logistic business in the country. While we still have some distance to cover, it is appropriate to pause, recognize and applaud the importers and other stake holders who have contributed to the immense success of DPD. The DNA JNCH DPD Awards 2017 seeks to commend performance of these stakeholders. I wish the event a great success and congratulate all the winners of the Awards.

— **ANANYA RAY**  
 IRS, Member (Customs, Legal, Central Excise and Service Tax)

# 'Importers are now thanking Customs for implementing DPD'

**Dr. John Joseph**, Chief Commissioner of Customs (Mumbai Zone-II), Jawaharlal Nehru Customs House (JNCH), shares the saga of overcoming obstacles through a focused approach and intense efforts, enabling the successful implementation of Direct Port Delivery (DPD), a game changer scheme that facilitates 'Ease of Doing Business'

Implementation of DPD has helped ease the clearance process of shipments, and congestion at the Jawaharlal Nehru (JN) Port. DPD facilitates movement of import cargo as it helps deliver the shipment from the port to the importer's warehouse or factory directly. Many importers have welcomed this game-changing move and some more are looking at re-routing their containers from other nearby ports to JN Port. Clearance of containers, which used to take a week, takes up to 48 hours now.

Once the first phase of the fourth terminal is commissioned in December, Jawaharlal Nehru Customs House (JNCH) expects more importers to benefit from DPD. The overall share of shipments going through DPD is likely to jump by at least 10%, thereby bringing half of the imports under the scheme. The new terminal, when commissioned, will give a fillip to DPD as it will also have on-wheel container inspection facility. This facility will help in faster clearance of cargo.

JN Port handles almost 55%-60% of country's total container throughput. Almost 25% of the national revenue of customs comes from this port. If you see, of the Rs 2 lakh crore of the customs revenue budgeted, around 25% or approximately Rs 54,000 crore is from here alone.

Till December 2016, only 5.23% of the total containers arriving at JN Port availed DPD benefits. However, as the months progressed and the scheme was promoted aggressively, the numbers also bettered. From 6.41% in Jan-

uary, it jumped to 29.76% in February. There has also been an increase in the total number of containers opting for DPD facility. Between January-May 2017, 1,55,652 TEUs were cleared via DPD, up 491% year-on-year from 26,330 TEUs reported during the same period last year. Due to DPD, an importer saves anywhere between Rs 10,000 to Rs 60,000 per TEU apart from reducing the delivery time for goods. Implementation of DPD is resulting in the reduction of inventory cost apart from port road getting decongested as frequent 'to and fro' movements to the CFS are avoided. Due to DPD system, the CFS are forced to diversify their set up by providing facilities to segregate cargo for delivery or else they will become redundant.

The World Bank does a study on 'Ease of Doing Business' or how fast can you transfer or transport cargo with clearances. When a container comes to a port, it is supposed to be taken to Container Freight Station (CFS). So, the container goes from the berth or terminal to the CFS, and it is here the Customs procedures for examination of goods or verification of seals on containers (when no examination is there) take place. It used to take a few days to get the customs clearance, and the industry had to pay a heavy cost. Once the vessel is berthed, it takes almost 24-48 hours for a container to be picked up from the berth and transported to the CFS. At the CFS, it will take a minimum of 1-2 days for someone to go and examine the box as they are stacked.



In 2008, it was decided that we should speed up the entire process, and the Customs introduced the DPD scheme. While a few people were interested in, others were not. We hardly had 3-4% of containers coming through DPD.

When I came here, there was something called an Accredited Client Programme (ACP) going on, and DPD was confined to those accredited clients. Hardly around 50-60 importers were there. This programme has now been changed to Authorised Economic Operator (AEO). While

AEO status holders are automatically entitled to DPD facility, after a careful examination of importers, JNCH has now given more than 1,100 importers DPD facility. We have extended it to all manufacturers registered with Central Excise, and of course, we have blacklisted all the potential fly-by-night operators.

At JNPT, around 1.5 lakh containers come for clearance every month. It means almost 5,000 containers daily. Our staff strength is acutely inadequate. The Risk Management System (RMS) helps

us screen the importers and their cargo. We keep profiling all Indian importers and exporters from other countries. We go through the materials and pricing in the local market. We are among countries having very high levels of the RMS, and one of the accredited people with World Customs Organisation (WCO).

For every import, a bill of entry is filed, following which the RMS gets into action. With this, we get to know that the containers have come, but we aren't aware to whom it belongs. It's the bill of entry that helps us to identify the owner. Nearly 75% of the containers get facilitation through RMS, while the remaining will be subject to customs checking. Earlier, all the 100 boxes on arrival used to go to CFS. At the CFS, customs officers will examine. They will check the seal, give clearance. Since not all boxes are going to be examined, why can't they go directly to the importer from the port? It doesn't make sense to hold them and making someone pay a huge cost, running up to Rs 30,000. The industry saves a lot of money.

When the Customs launched the scheme, not many responded to the scheme positively. Later, I had to write to all CEOs of companies explaining the saving that they would make. The middlemen, who didn't want quick cargo clearance, tried to resist it. Several industry guys opposed it, some even forced employees to oppose it on the ground that there will be massive job cuts. We had to literally push importers to take the scheme. Now, as importers in-

creasingly enjoy the cost benefits, they are writing to us thanking the Customs for implementing the scheme and interestingly there is no report of loss of any jobs. Only full container loads (FCLs) are allowed under DPD. If there's congestion at port, the Commissioner may allow containers to move, but they will be examined at their premises by Central Excise/Customs officers as they would have been done at the CFS. Therefore, there is no room for security concerns.

What is important is that the RMS takes care of the veracity of the cargo and importers. There's also surprise element pertaining to examination of goods. Nobody will be given 100% clearance at every point of time. After about certain times of no examination, there will be sudden check of their goods. Such examination under DPD scheme will be on a priority basis. If something is found wrong, there will be 100% examination of all the boxes.

At Nhava Sheva, we have also introduced a unique 'No-Use Bond', which is an out-of-the-box initiative. Under this, once samples are drawn by the respective government agency, the importer doesn't have to wait here at the CFS. The importer can take goods to his factories by giving 'No-Use Bond' and under Customs seal on the Container. This means that the importer will not use the cargo until NOC comes. Thus, containers will remain in their factories and not at CFS, thereby, saving a lot of money that was otherwise being paid as demurrage charges earlier.

## 'The thrust is facilitation and trade-centric'

**Rajeev Tandon**, Chief Commissioner, Zone I, Mumbai Customs, explains some of the key initiatives taken towards setting best standards in 'Ease of Doing Business'

For me, Mumbai in Mumbai Customs represents: M - Modern outlook and approach, U - Uniformity of practice, M - Motivated and committed manpower, B - Business-oriented professionalism, A - Assesse friendly and I - Innovation. This is what Mumbai Customs should strive to be. The thrust in this vision is facilitation and trade-centric. I'm sure revenue collection shall pick up automatically if trade is facilitated.

Over a period of time, we have taken series of steps towards trade facilitation. In January 2016, we made digital signatures compulsory. It provides necessary assurance regarding integrity and non-repudiation of these documents.

In April, we introduced SWIFT - single window clearance where six government agencies are under one umbrella. This way the entire



system moves through message exchanges. We are now moving towards non-intrusive inspection techniques. We have a high resolution container scanner to scan and

check out anything suspicious. Not every container needs to be scanned, only those that appear suspicious based on past experience and intelligence inputs are scanned.

The self-assessment process has helped. The law has been amended to make the system more trust-based. Earlier, the departmental officers would carry out the assessment. Now, the importer/exporter has to file the document and the obligation is on him to truthfully declare the cargo. The department is merely checking the system and that too on risk-managed parameters of a formidable Risk Management System developed by us.

There is never a full stop. You evolve from one stage to another. Today, we have brought about deferred payment of duty. There is direct port delivery facility avail-

able to the importers. 19 ports in the country are 24x7 ports and Mumbai Port was one of the first to go 24x7.

Most significantly, we have reduced the number of documents to just three and those which are essentially required for purpose of import/export. These are the electronic declaration, the invoice-cum-packing list and the Bill of Lading. Simplification of business processes is our ethos along with cutting down of human interface. Why should any importer be inconvenienced to come to my office to get his goods cleared? He can sit in any part of the world and file his documents online. Dwell time is an area of constant concern and therefore monitored closely. It helps in bringing down the transaction cost. We are also moving towards 'Paperless Customs'.

We have a very strong mechanism to deal with grievances - a central e-portal, grievance redressal officers and tax payer's service centres to respond to queries.

We also have an open house where any importer/exporter with any size of business and any difficulties is allowed to participate. In Mumbai, all the three Chief Commissioners come to Mumbai Customs office for such open houses and the event is widely publicised. Customs is there to facilitate all legitimate trade. Our ease of business processes and RMS does not mean we turn a blind eye towards rogue elements in the trade. We keep a hawk's eye on anyone trying to smuggle in/out banned products. We nab them and even recall container from destination port.

We work on trust-based system. But we also have our own intelligence network. It consists of human intelligence, information from rivals in the trade, data analytics and past history.

The RMS lists certain parameters on what to check. If anything looks suspicious, we immediately check. The most crucial thing is container scanning with a surprise element. We have officers

who are trained to read scanned images.

The volume of cargo as handled by Mumbai Customs can only be handled securely and timely with the help of digital processes that build into it the various safeguards that may be necessary for cargo clearance.

Today the digitisation of our business processes has earned us global recognition. The Department is very enthusiastically patronising at least three major flagship schemes of the Government of India.

**Make in India:** With large dosage of trade facilitation measures, we are promoting ease of doing business and that helps Make in India

**Digital India:** Digital handling of large volume of cargo for speedy delivery. Customs has been into digitisation for the past three decades

**Swachh Bharat Abhiyan:** We are promoting 'Green Customs' by which we regulate import/export of environmentally hazardous/sensitive substances. 'Paperless Customs' is also promoting a Swachh Bharat Abhiyan component. All our records are digitised and we can access them at a click of a button.

# STAKEHOLDERS' VIEWS ON DPD



India has ratified WTO's Trade Facilitation Agreement, which is an important milestone by creating an international framework for reducing trade costs. It contains provisions for expediting the movement, release and clearance of goods, including goods in transit. These are in consonance with India's "Ease of Doing Business" initiative. Direct Port Delivery (DPD) is one of important step taken so that shipment arriving at JNPT will be cleared directly from port saving time and cost for Importer. DPD facility will also help even Medium and small importers. Focus by Chief Commissioner and coordinated efforts by Port and terminals is going to change the image of JNPT.

— **PRAMOD SANT**, Vice President -Head of Import Export, Siemens Ltd.



DPD initiative at JNPT, is perhaps the most significant step taken at operational level to reduce dwell time of border clearance and transaction cost of imports. This will not only reduce the cost of imports directly, but also reduce inventory carrying cost of businesses. This will enhance cargo handling capacities of Indian ports. It is a significant step by the Indian Government in tune with WCO's SAFE Framework of Standards to secure and facilitate global trade, which in turn will help in improving India's "Ease of Doing Business" ranking by World Bank. We appreciate and admire the zeal with which the project DPD is being pushed forward by the Government at JN Port.

— **OM HISARIA**, Senior Vice-President, Reliance Industries Limited



Direct Port Delivery is among the major initiatives by the Customs Department to ease the business process. It serves the government thrust on reducing clearance time and being cost effective for the importers. We appreciate this initiative and are privileged to be a catalyst partner in making it a success. We are sure that DPD would enhance India's ranking on international level towards Ease of Doing Business.

— **ALPESH VYAS**, Manager Imports, Asian Paints Ltd.



The reforms agenda of the present Government towards "Ease of Doing Business" has been aptly carried forward by Indian Customs through DPD accreditation at Nhava Sheva port. It would lead to significant operational efficiencies to the trade by optimizing supply chain costs and driving desired experience to end customers. Mumbai is a major gateway of HP supply chain model. We anticipate significant cost savings and reduction in overall logistics TAT in operations. Congratulations to Mumbai Customs for leading the change under the leadership and vision of Chief Commissioner Dr. John Joseph.

— **VINOD BHATT**, Country Head Logistics, HP India



DPD is expected to create value by improving speed to market and reduce delays. It will strengthen India's position in global logistics, enabling supply chain flexibility and adaptability. We expect it will reduce dwell time thereby optimizing cash to cash cycle. We anticipate reduced inventory carrying cost via better end to end supply chain visibility. Accredited importers are expected to benefit through reduction in logistics and transactional cost through faster customs clearance. We expect to reap productivity benefits from this very soon and support this important step.

— **PRASHANT KUMAR**, Supply Chain Manager - South Asia, DuPont Nutrition and Health



It is a great experience to enjoy the DPD facility. Its result not only in the form of savings in monetary terms but also reduce the clearance time in effective manner particularly in supplying of newsprint to newspaper houses, where publishing cannot pre-poner or postpone even for single day. We highly appreciate the strong-determined and continuous efforts of customs, JNPT, CBEC and other government organizations to make the DPD Programme successful and to bring the changes in India's logistics system in the process of ease of doing business.

— **SUNIL PODDAR**, Managing Director, Poddar Global Pvt. Ltd.

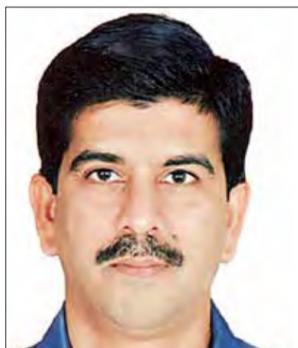


Direct Port Delivery is amongst all major initiatives by the Customs department to Ease of Doing Business facilitate to AEO Clients by RMD Cell. DPD accreditation would drive tangible benefits to the industry and customers. Logistic and Inventory transactional cost reduction through faster customs clearance process. Congratulations to Nhava Sheva Customs for conceptualizing the Direct Port Delivery and leading major change under the leadership and vision of Chief Commissioner Dr. John Joseph. We are proud to be part and partner of direct port delivery initiatives.

— **MANOJ RATHOD**, Manager - Imports, Best Paper Mills Pvt Ltd.

We congratulate the Mumbai Customs Department for introducing the game changer move in form of DPD. This will not only help us but also the importers fraternity to save money and time, which will make them more competitive. We should not forget about heavy and painful congestion at port. Hopefully with the help of DPD we will be able to achieve a faster Turn Around Time. We expect many more ports in the country to follow this kind of practices which supports boosting Indian economy. This move will also improve the image of our country promoting "Ease of Business" in the international market.

— **PRASHANT CHAVAN**, SABIC India



"Amongst all the Ease of Doing Business initiatives DPD combined with the 24x7 RMD Cell, Customs Out of Charge is the big thing that has happened. When fully implemented and availed by the Trade and Industry it will both drastically reduce TAT and Costs for IMPEX transactions. Kudos to the Nhava Sheva Customs for this major Trade Facilitation Initiative."

— **BLASE D'SOUZA**, Director - Materials, Ingram Micro India Pvt. Limited



We share our gratitude to JNCH and JNPT officials taking DPD initiative. Main advantage is committed delivery of containers for on time production to meet customer requirements. DPD also help us to minimize and control logistics cost, transportation lead time, minimal handling of containers resulting to minimal damages to our cargo, paperless documents, which ultimately reduced clearance process activity. DPD also help us to enhance our Export Market commitment and performance. We thank Nhava Sheva customs and JNPT Port official to allow 24 x 7 x 365 days delivery of containers.

— **ANANT B RAKHE**, Assistant General Manager, Exim & Logistics Planning, L G Electronics India Pvt Ltd, Pune



We laud the DPD initiative of Mumbai Customs under the Ease of Doing Business efforts of the Indian Government. We have been using this facility since last few years. It has gone a long way in reducing cost as well as lead time in providing raw material to plant in Mumbai. We sincerely hope this facility encompasses all importers in time to come, cutting down transit time through Nhava Sheva Port to a minimum.

— **AJAY PATEL**, Executive Director, Laxmi Board & Paper Mills Pvt. Ltd.



DPD with an unique feature of 24 x 7 RMS cell and Customs out of charge is such an reformist initiative in the present scenario which is helpful to create value for Indian industries. It will not only mitigate the risks arising through multiple handling but also it will help in enhancing the overall industry competence. Surely these small steps will move the country up the ease of doing business and help the business environment overall.

— **MOHAN CHAND UPADHYAY**, Head - Import, Intex Technologies (I) Ltd.

We started DPD since 2008 and we are the second DPD Client in JNPT and first in all major ports. I have seen the benefit of DPD and recommended to many big importers. We have discussed and sorted out initial problems with all the three terminals in JNPT. The actual DPD benefit to the importers was after the new Government come in to power under the leadership of Prime Minister Narendra Modi. Passing Bill of Entry on RMS, reducing dual time, eliminating traffic inside the Port, allowing more vessels to get fast berthing, and overall the importers get unbelievable reduction on costing. Today importers are getting benefit Rs.15,000 to Rs. 20,000 per TEUS. Under the leadership of our respected Chief Commissioner of Jawaharlal Nehru Customs House, Dr. John Joseph's unstinted efforts, today in JNPT have more than 800 DPD clients. He has taken a wonderful decision on allowing DPD-CFS movement permission to 22 CFS. This decision strengthened the DPD system.

— **R. PADMASANAN**, Dy.General Manager (Imports), The Supreme Industries Ltd.



We congratulate the Customs authorities for easing the norms of availing DPD. The scheme saves both time and money for the importers leading to his becoming competitive. This would also lead to a faster clearance of cargo resulting in an increase in volume of cargo arriving at JNPT. It is indeed a revolutionary step taken by Indian Customs; which will boost India to greater heights in the coming times". DPD not only promotes and boosts "Ease of Doing Business in India" but also helps eliminating corruption bottle necks. We are encouraging all our Importers to avail DPD facility as per the guidelines laid down by the authorities.

— **KRUTI JOBANPUTRA**, Director, JWC Logistics



DPD is a great initiative by the customs department to enhance the present government agenda of "Ease Of Doing Business". It will greatly reduce the time involved for containers rotation. DPD will help strengthen India's position in global logistics, enable supply chain flexibility and help it adapt to meet the ever changing business environment. We appreciate this initiative and are privileged to be a equal partner in making it a grand success. Our congratulations to Mumbai customs for conceptualizing the direct port delivery and leading the movement under the leadership of honorable chief commissioner Dr. John Joseph.

— **ATIT AGARWAL**, -Director/CEO, Responsive Industries Ltd.



## 'Efforts were made to educate the importers'

**Shrawan Kumar**, Commissioner, JNCH, explains how the transaction cost per container has come down drastically under the DPD

With ease of doing business as its prime objective, government is continuously pushing to promote cross border trade and business by minimising transaction cost and dwell time at the ports. Promoting Direct Port Delivery (DPD) at Jawaharlal Nehru port, which handles more than 50% of containerized cargo, was accordingly given top priority. Under DPD, containers are cleared from wharf to warehouse of importers without customs intervention.

JNCH under the dynamic leadership of Dr John Joseph, Chief Commissioner took this as a challenge. Efforts were made to educate the importers and convey the benefits under DPD facility. About 750 importers having volume of import above a particular threshold, having clean track record, and enjoying RMS facilitation were permitted Direct Port Delivery. This number has now increased to about 1200. The process of registration was also made simpler and number of documents required for registration at port was got reduced.

Various stakeholders like importers, Port Terminals, Shipping Lines, Customs brokers, CFSs, etc. were taken on board to address any difficulty in the process of DPD implementation. In order to simplify the procedures and address new difficulties, many Public Notices were issued. 24x7 RMS facilitation



Centre, full-fledged DPD Cell, Panel discussion on TV, Booklet on FAQ on DPD, and several other steps were taken to facilitate trade and to implement the programme successfully.

The efforts taken by the custom house has resulted in clearance of about 30% of the total volume of the import containers in March 2017. This level is progressively increasing. As a result, transaction cost per container has come down drastically under the DPD. Additionally, it has also reduced dwell time of the cargo at the port.

I am sure sustained efforts by us will further improve ease of doing business environment at JNCH.

## 'Finding solutions to every problem'

**Subhash Agrawal**, Commissioner of Customs, Nhava Sheva, recalls how January to March 2017 was a period full of actions, reactions and continuous efforts

still remember the days when DPD was limited to hardly 10 importers and any proposal from Customs in various meetings / conferences to extend DPD was used to be opposed by all stakeholders, particularly by the Terminal Operators on the logic that "Port is designed on CFS model and they don't have enough space to extend any DPD."

However, according to me, there was a significant change in approach and attitude after the present Revenue Secretary visited JNCH and issues were discussed. A committee was constituted to examine the possibility to extend DPD under the chairmanship of S. P Sahu, Commissioner in-charge of 'Single Window' project of CBEC. Thereafter, principally, it was accepted at the Ministry level also that DPD needs to be extended as it will reduce cost and time for importers and will also improve port efficiency.

However, despite JNPT extending DPD to all ACP clients in the beginning of 2016, DPD volume didn't increase mainly due to lack of clarity on various technical and logistic issues and apprehension in the minds of other stakeholders that DPD may adversely impact their business. As a re-



sult, the DPD volume remained same i.e. less than 5% of total import volume till the end of year 2016.

However, after joining of John Joseph, present Chief Commissioner, suddenly everything started changing drastically. First step was to extend DPD facility to more than 750 top importers suo moto by JNCH, an unprecedented step. Once a conscious decision was taken to expand DPD, we were required to revisit / re-engineer various processes by issuing various Public Notices / Standing Orders.

Initially, DPD / RMS facilitation cell was created and subsequently series of Public Notices / Standing Orders were is-

sued to provide for roles and responsibilities of various stakeholders such as Port Terminals, Shipping Lines, CFSs. Journey was not smooth as extension of DPD initially created apprehension for other stakeholders as likely loss of revenue / profit. However, we continued to provide solution to each and every problem raised by any stakeholder through series of meetings and consequent issue of revised / modified Public Notices.

I feel that one of the most important factor for successful extension of DPD is involvement of all stakeholders in the process. CFS were provided role as Logistic Service Providers and they were allowed to convert part of CFS as DPD area without any formalities. Terminal Operators were provided with all assistance in enable them to operate Port with better efficiency by providing stacking solutions. Similarly importers were empowered by continuously taking up their issues with Terminal Operators, CFSs and shipping lines so that they are not charged extra in the name of DPD. Several meetings were held with shipping lines so that advance electronic delivery orders are issued by them with no extra cost.

The period between January to March 2017 has been the period full of actions, reactions and continuous efforts. Not only series of Public Notices were issued on DPD but various other significant steps were taken to reduce dwell time and cost (both import and export), which included operationalization of Customs function in Parking Plaza led to jump in "Direct Port Entry", reduction in number of documents, monitoring and measuring the dwell time of other PGAs and introduction of concept of 'no use bond.'

Though volume of DPD has improved significantly from less than 5% in January 2017 to more than 32% in May 2017, still Customs is actively involved with all the stakeholders to iron out some issues specially issues relating to shipping lines and CFSs so that DPD volume is further raised with corresponding increase in port efficiency. I still remember that we used to conduct 2-3 meetings with stakeholders every week followed with meetings and formal issue of Public Notices. The joy of finding a solution to any problem is amazing and it is that joy, I firmly believe will continue to drive Nhava Sheva to become best in the world.



## 'DPD TRANSFORMED INTO A WIN-WIN'

**Dhirendra Lal**, Additional Commissioner of Customs, JNCH, explains how importers save on multiple costs and avoid the resultant time delays

It is indeed noteworthy that DPD, the Direct Port Delivery system, has made a significant impact where the inbound container trade segment is concerned. After a relatively slow start, the focused approach spearheaded by Dr. John Joseph, Chief Commissioner, JNCH, transformed the DPD into a win-win scenario.

The efforts made towards increasing awareness about the benefits of DPD and promoting its usage have achieved their purpose. Many workshops have been conducted for encouraging importers to avail this facility with a very positive response and the results are there to see.

JNPT is one of the major ports in the country so there have been all out efforts by JNCH to work with the port officials and importers for facilitating this initiative. Given the fact that 55 percent of the total container handling of all the Indian ports is done at JNPT, its performance is very essential from the perspective of India's global ranking in the Ease of Doing Business.

The rationale behind introducing DPD was reducing the dwell time and thereby, also bringing down the overall transaction cost both directly and indirectly. Moving the containers directly from the port terminal to the customer makes a huge difference.



Under the DPD, customs authorities grant green channels to certain agencies based on past performance so that they don't have to wait for customs clearance at the Container Freight Stations (CFS).

By opting for DPD, the customer can cut down on multiple movements to and from the CFS. With the DPD system, importers save on multiple costs and avoid the resultant time delays, which also have a cost attached.

Now that the importers have experienced this change and its resultant benefits, they are embracing the concept in larger numbers. Importers of thousands of agencies have begun to avail of DPD and the concerns initially raised by container freight stations have proved to be unfounded.

DPD is considered to be a major initiative of the centre under programmes like Make in India and Ease of Doing Business and very important drive for reduction of dwell time and transaction cost. The emphasis on motivating importers to avail this facility has borne fruit.

It is expected that the popularity and acceptance of this concept would increase further going forward. A major portion of India's container traffic passes through JN Port and the DPD system victory witnessed here is worth emulating at ports across India.

## 'Two schemes with a common objective'

**Pritee Chaudhary**, IRS, Joint Commissioner, Nhava Sheva Customs, explains how DPD and GST will both create a conducive business environment in the country

DPD and GST are two most ambitious flagship scheme of Government of India and both have the common objective to create a conducive business environment in the country. We are in a world where global is becoming more and more local. We are being assessed by world community on our performance, that how much trade friendly we are and how do we ensure ease of doing business.

Interestingly both trade friendly measures are being worked out under one umbrella of CBIC, Department of Revenue by one way or the other.

My intention is to acknowledge the roles of various stakeholders in the scheme of DPD and GST, as well as to highlight how these two schemes work hand in hand and how they are complementary to each other to achieve the common objective of ease of doing business.

First of all who are the stakeholders of DPD and GST. GST is a federal tax going to be levied by CBIC and State VAT departments. DPD is a flagship scheme being implemented by Nhava Sheva Customs, at the largest containerized port of India which accounts for 40% containerized trade and 25% of Customs revenue alone in India. So a common body of centre behind these two flag bearer schemes is CBIC.

At one end GST integrates India into one market at other DPD integrates international market with India with procedural simplification.

But obviously apart from this common Government body the trade and the beneficiaries under the two schemes are also common.

In today's scenario we cannot imagine a smallest business without it's global connections. Even a small garment shop shall be stuffed with the apparel which have raw material imported from some



clearance a manufacturer can plan for smaller inventory. Thus it will boost the competitiveness of business by overall cost cutting same as GST does.

DPD has reduced the traffic congestions on the roads. The simple principle is if we have more points for clearance we have more traffic on the road. DPD drastically reduces the points of clearance. The same level of scrutiny is not warranted for every cargo. Those which are not subjected to Customs scrutiny can be very well taken out from the port rather than sending them to CFS. Thus DPD fits into the larger scheme of GST which aims at reduction in transport time.

DPD has a direct impact on the cost. Instant feedbacks are received from the importers that they are able to save at least Rs. 10000 to 15000 per 20' feet container towards shipping lines charges which are further added up by cost cutting on account of ground rents and other handling charges of CFS. Thus the cheaper raw material are ensured under this scheme. Any cost cutting to business shall give a boost to make in India because then only we can survive in the world market. By removing the various unnecessary steps DPD works the same as GST does.

So not only these two schemes work hand in hand but they also complement each other. GST provides one tax and one market to trade, industries and services. It works into domestic territory whereas DPD aims to give them an edge at import front. To realize the goal of India to become an economic power we need to provide two important things to our industrial, both service and manufacturing - one, cross credit of taxes and two, cheaper inputs. Certainly if we are able to successfully implement these two schemes then we can also realize the dream to become an economic superpower.

part of globe but stitched in India. In whole thread from GST to DPD it is the trade and industry which reap the benefits from two ends. The ultimate beneficiary in both case is the buyer who gets the cheaper goods.

One can also see that these two schemes hold hand, both left and right, of trade for ease of doing business. Under the greater regime of GST we as a nation intends to move towards a common and unified market. The benefit for this common market is supply chain management, cost cutting on logistics, both transport and warehousing.

DPD complements to this larger objective. As per the data analysis the dwell time of average container's clearance which was more than 10 days has drastically come down to 96 hrs. It is further aiming at to reach 30 hrs as per the direction of Niti Ayog. So this way DPD is an efficient delivery mechanism. Now with the reduced dwell time and express cargo



## '24x7 customs clearance facility'

**Devendra Singh**, IRS, in-charge of the Mumbai Customs Zone – III, highlights its scope and steps taken to encourage people to register for AEO



Sanegaon and PNP.

Zone III is actively implementing AEO programme. As it is known, under this programme, the importer / exporter / logistics operator are granted AEO status making them eligible for host of concessions and facilities. The working group and client relationship manager (CRM) for AEO Programme in respect of Mumbai Customs Zone-III, made concerted efforts and taken proactive steps to encourage members of trade and industry and other potential applicants to register.

Under the single window project, the process of issuing NoC by Participating Government Agencies (PGAs) has been brought online, resulting in faster clearance of goods and reduction in dwell time. This project was first launched on pilot basis with huge success at ACC and was widely appreciated by the trade.

Subsequently, it was also implemented at other customs locations in the country. All the preparatory work and co-ordination with the participating agencies was done along with the training of the members of the trade, statutory agencies and the officers.

Further, Integrated Declaration i.e. new BE filing format has commenced from April 1, 2016. Under this, all the details required for PGAs like ADC, AQ, WCCB, PQ, TC, FSSAI, are sought at one go while filling the BE only, so that BE is routed to concerned PGAs immediately after filling BE, thus reducing the dwell time and requirement of separate procedures of filling forms/declarations with PGAs. The preparatory work regarding implementation of this initiative was undertaken so that this mammoth technological intervention could be implemented successfully.

We have started 24x7 customs clearance facility in Export and Import cargo clearances at ACC which has resulted in considerable reduction of dwell time. For over a year we are working on initiatives like Document Management System to store import/export documents and data electronically. Similarly, the Risk Management System provides for a remarkable 90 per cent facilitation in respect of documents filed in EDI System at Air Cargo Complex. This means consignments are being cleared by adhering to the declared parameters/ criteria, which help reducing the time taken to process the consignment in export /import.

The Green Customs initiative is an unprecedented partnership of international organizations cooperating to prevent the illegal trade in environmentally-sensitive commodities and facilitate legal trade in these commodities. We are increasing the detection of smugglers and our interceptions are very successful. We are facilitating legal trade and preventing loss of revenue from tax and duty avoidance associated with smuggling.

## 'Our endeavour is to reduce transaction cost and time'

**Neeraj Bansal**, Dy. Chairman, JNPT, shares the challenges faced during DPD implementation and benefits expected from the fourth container terminal



There are two parts of the DPD process. The customs department has done the 'software' part. They are streamlining the processes, identifying certain parties whom early clearances and early out of charge order can be given.

The 'hardware' part is handled by the JN Port authorities. Everything planned is executed at the ground level by the port and the terminal, which is the most difficult part of implementing DPD.

DPD poses a serious challenge in clearing the cargo in the container yard itself as JNPT is designed on a CFS model. JNPT is known for very high efficiency in port operations. We recently decongested the port so while implementing DPD, I have to maintain high efficiency and remain decongested, while doing something I am not designed for. We are doing something for which there is no planning, we do not have equipment or manpower to really roll out this kind of plan so there is lot of stress. A lot of hard work has been done by the port terminals to bring this vision to reality.

We have to segregate the cargo more as now the new DPD client list also comes up. We have to do a lot of planning of how to handle DPD containers so those are segregated and tagged separately client wise. We trying to see how we can make them a group of DPD clients where the delivery will be easier.

The stacking number goes very high; instead of 50-60 heaps earlier now the number goes to 150 plus so the crane has to travel extra high and manpower has to work more to streamline this process. Then we have to coordinate with the logistics people who have to pick up these containers from the yard on

behalf of DPD clients.

After that, DPD containers which are not listed by DPD clients have to be moved to CFS after a specified time. After 48 hours we move them to the designated CFS. Next, customs getting all these clearances obtained in time so that evacuation starts immediately the moment containers are discharged from the ship so that we keep on maintaining high efficiency in import dwell time, significantly reduced over a period of time.

The terminal 'hardware' part of DPD is the most difficult because that would be tested everyday. The burden comes on the terminal to maintain this high efficiency. We are being quite successful in maintaining efficiency, decongesting the port and delivering DPD containers up to 30%.

The fourth container terminal at JN Port is expected by December 2017. JNPT was struggling with capacity addition for last 5-6 years so this comes as a huge relief for the trade because this terminal will come up with the capacity of 2.4 million TEUs. We have international PPP partner Singapore Port Authority. Looking at the high efficien-

cy and performance, which they do globally this will really be a world class facility. There will be a lot of hand holding so we will learn something from them or we will improve looking at them. It brings a little competition also, which is good for business and trade. So it poses a challenge and we have to upgrade our skills accordingly.

From April-May we have seen 8% volume growth at JNPT; that shows the port is geared up to handle more and more cargo. This new facility will come very handy so industry is not deprived of any small opportunity of international trade whereby they can be globally competitive by reduced cost, by capacity addition and efficient operation.

There has been efficiency improvement at JNPT in the last two years. In 2014 when I used to interact with the trade there were lot of complaints; surprisingly there are no complaints left so that shows things have improved. We are not complacent; every day we think about new areas where we can work upon. As far as ease of doing business is concerned, our endeavour is to reduce the transaction cost and time. Congestion used to play havoc with transaction cost in the past. The minister identified this one item to be given priority. Luckily we could solve the problem. Decongesting the port has brought a lot of discipline in operations. We are constantly improving port performance for imports and exports. There is reduction in transaction cost due to DPD and various technology solutions like paperless operations, no documents are asked for by Port, our gates are RFID enabled so trucks move faster. If you look at all these factors I am confident that it will help in improving India's global ranking significantly.

### MESSAGES

## 'Importers are coming forward'

First and Foremost as President, BCBA (Brihanmumbai Custom Brokers Association), is to congratulate Dr. John Joseph, Chief Commissioner of Customs, for bringing up the DPD (Direct Port Delivery) concept, which was not implemented earlier in the correct spirit. This has been a game changer. It has also helped to reduce the dwell time cost and has removed the delays, giving an assurance to the clients that the goods will reach on time. For most of the clients with whom we have interacted, the inventory level has come down, which is positive for the industry.



As far as the JNPT (Jawaharlal Nehru Port Terminal) is concerned, with new developments taking place - construction of the 4th Terminal (PSA) which will add an annual capacity of 4.8 million TEUs, definitely imports are going to increase. DPD is the need

of the hour. There was a time when clients were voicing concerns about the inefficiency and rising costs in the port. The importers were coming forward for other ports because of the congestion here, all this is a thing of the past. If you look at the present situation, after DPD being promoted, there is no congestion at all.

As far as challenges faced are concerned, since DPD is a new concept, it had some teething problems. They are being ironed out due to the constant interaction with the custom department. Infrastructure is another aspect but I am sure with the Anil Diggikar, Chairman, JN Port, taking keen interest, things will be getting better. The transportation aspect needs back up facilities - basic amenities, since it is a 24/7 window, will be in place very soon.

We are constantly interacting

with our members and whatever the queries which are raised, BCBA is forwarding the same to the customs and port authorities. I am very happy to inform Subhash Agrawal, Commissioner of Customs, has been an immense support to us. There is a study group formed which will analyze the process and if any issue is flagged off, then it will be immediately addressed and resolved. We have opened a cell, which helps our members and continues to support them.

We are in touch with our stakeholders, initially they had some reservations but after that, things are moving fast and falling in line. The importers are themselves coming forward, and they are ready to take the facility of DPD and AEO. I am sure JNPT being the number one premium port of our country, and with this initiative; it will always be the number one, not only in our country, but globally!

— **ASHISH PEDNEKAR**  
President, BCBA

## 'DPD has really been a boon for importers'

**C. P. Singh**, Dy. Commissioner, JNCH, shares his experience of being entrusted with educating, motivating and encouraging them for registration

It has been my privilege and honour to be associated with DPD, a game changer initiative in the "Ease of Doing Business". Under the dynamic leadership of Dr. John Joseph, Chief Commissioner, JNCH, all Customs Officers at JNCH contributed their best to make DPD a great success. An increase of almost 600% in TEUs cleared from JNPT, from the month January 2017 to May 2017, speaks volumes about the sincere efforts put in by officers at JNCH. We have extended this facility to the top importers of JNCH whose goods are in FCL category and facilitated by Risk Management System (RMS) for "No assessment and no Examination" because there was no point in sending such containers to CFS for just verification of Container Number and Seal number on containers which could be done by Customs Officers at PORT gates and thus saving the additional cost to the importers and also saving the time taken in this process.

To educate importers about the benefits of DPD, motivate and encourage them for registration under DPD and clarifying all their queries was the prime responsibility given to me. In a short span of time we were able to register a whopping number of 1200 importers under DPD. We are regularly conducting interactive sessions with various stakeholders of DPD to ease out any procedural difficulties faced by importers in availing of DPD. We have also participated in many workshops/seminars conducted by other stakeholders in order to educate trade about this initiative. Issuance of nearly 200 Pub-



The receipt of appreciation letters from several reputed companies thanking Customs for this initiative, is really encouraging.

lic Notices/ Standing Orders/ Office orders on DPD and other trade facilitation measures in one year evidences the dedication and commitment of JNCH in Ease of Doing Business. The release of booklet on FAQs on DPD, panel discussion on TV, due coverage in print media have been some other important measures to make DPD popular among stakeholders. Barring some initial teething problems, now all the stakeholders are fully supportive of DPD resulting in high volumes of DPD TEUs in May 2017.

DPD has been a boon for importers in reduction of transaction cost and saving of lot of

time in Customs clearance. This has direct bearing on the cost of final products being manufactured in our country for the purpose of export and thus making the exports competitive in international market. In case, the imported goods are directly sold in domestic market or final products after manufacture are sold in domestic market, the consumers in India will be benefited by the reduction of cost in clearance of goods under DPD. Thus, DPD benefiting the importers directly is also beneficial for citizens of the country indirectly. The 35% clearance under DPD has saved several hundred crores for importers and this figure will swell once all the 1200 importers registered under DPD till June 2017 will be fully operating under this facility.

The importers who were bit hesitant initially in availing this facility due to change of their logistics procedures and dependence on various agencies for their goods are now happy and satisfied by saving transaction costs and time in simplified new procedure. Even many importers operating at other ports in country have shown interest in shifting their cargo at JNPT under DPD. The receipt of appreciation letters from several reputed companies thanking Customs for this initiative, is really encouraging. It gives immense pleasure and satisfaction when work done for the trade facilitation is appreciated by trade. With all the stakeholders on board now and more and more importers are approaching for DPD facility, I am sure that we can achieve the target of 50% very soon.

## 'DPD has been gaining momentum'

Container Shipping Lines Association (CSLA) is very pleased to be a partner with the Customs, Port authority and Terminal operators in JNPT to introduce the DPD concept in JNPT.



We thank the Customs and the Port Authorities, Terminals, CFSs and all stakeholders for the successful implementation of the DPD concept in JNPT. This has significantly facilitated the trade to save time and money in the import clearance of containerised cargo in JNPT.

The challenges in the implementation in JNPT have been great, es-

pecially because the Port has been modelled for off dock CFS delivery system and space constraints at the Terminals had to be overcome. Furthermore, considering the high volumes handled at JNPT through innovation and process change, DPD has been gaining momentum over the last six months.

CSLA has contributed by facilitating the filing of IGM 72 hours in advance of vessels arrival and issuing e-delivery orders to the Importers prior berthing of vessels. Towards facilitating of the same CSLA

has also ensured providing e-invoices and have partnered with various payment gateways for facilitating faster online and e-payments.

DPD is not new to Shipping lines as this is the practice in many ports around the globe. Now it is time to publicize the numerous advantages of DPD and popularize this practice amongst all the Importers in India. We hope to see more and more Importers avail of the facilitation by the shipping lines to achieve faster clearance of cargo at JNPT and meet the goals set by the Government on "Ease of Doing Business".

— **CAPT DEEPAK TEWARI**  
CHAIRMAN, CSLA