

NON-TARIFF MEASURES TO FOOD TRADE IN INDIA: A CASE STUDY OF SELECTED PORTS

RESEARCH REPORT

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ABBREVIATIONS

ADB: Asian Development Bank
APEDA: Agricultural and Processed Food Products Export
Development Authority
AQ: Animal Quarantine
BoE: Bill of Entry
BSF: Border Security Force
BoI: Bureau of Immigration
CBEC: Central Board of Excise and Customs
CCFC: Custom Clearance Facilitation Committee
CFL: Central Food Testing Laboratories
CFS: Container Freight Station
CHA: Custom House Agents
CISF: Central Industrial Security Forces
CMR: Common Minimum Requirements
CoO: Certificate of Origin
CWC: Centre Warehousing Corporation
DGICS Directorate General of Commercial Intelligence and Statistics
EDI: Electronic Data Inter-Change
FCL: Full Container Load
FSSAI: Food Safety Standards Authority of India
GDP: Gross Domestic Product
GR: Goods Registration
ICP: Integrated Check Post
IGM: Import General Manifesto
JNPT: The Jawaharlal Nehru Port Trust

LC: Letter of Credit
LCL: Less Container Load
LCS: Land Custom Stations
LDCs: Least Developing Countries
LPAI: Land Port Authority of India
MRAs: Mutual Recognition Agreements
NJP: New Jalpaiguri
NML: No Man's Land
NoC: No Objection Certificate
NTMs: Non-Tariff Measures
PDS: Public Distribution System
PQ: Plant Quarantine
RBI: Reserve Bank of India
ROO: Rules of Origin
RMS: Risk Management System
SAARC: South Asian Association for Regional Cooperation
SAFTA: South Asia Free Trade Area
SARSO: South Asian Regional Standards Organisation
SEP: Single Entry Permit
SJDA: Siliguri Jalpaiguri Development Authority
SOP: Standard Operating Procedure
SPS: Sanitary and Phyto-Sanitary Measures
TBT: Technical Barriers to Trade
UNESCAP: United Nations Economic and Social Commission for
Asia and the Pacific

EXECUTIVE SUMMARY

Context

Speaking at a recent summit, the Indian Prime Minister Narendra Modi referred to India as a bright spot in the global economy. India's rapid domestic growth and growing integration with global trade, technology and financial flows support his assertion; yet, all this is not translating into peak progress in South Asia, to which New Delhi avowedly assigns high priority. Despite India climbing nine positions in the Ease of Doing Business index (164 to 155 - out of 180 countries), its ranking vis-a-vis facilitating border trade (133) remains unchanged since the last five years.¹

Most importantly, South Asian trade networks remain sub-optimal at best, affecting trade in food products - which constitutes nearly 33 per cent of intra-regional trade.² With nearly 15.7 percent of the population malnourished in South Asia,³ overarching concerns about bolstering regional food security mechanisms are yet to be addressed - implying a lack of follow-up on proposed reforms in this sphere.

In the absence of timely reforms to bolster food security in South Asia, Sanitary and Phyto-Sanitary (SPS) measures, Technical Barriers to Trade (TBT) and administrative measures for trade facilitation have emerged as the biggest concern to South Asia's food trade. 86 percent of South Asia's food trade remains crippled with non-standard implementation of SPS and TBT measures.⁴ New Delhi's historical relations and porous borders with overland neighbours such as Bangladesh, Nepal and Pakistan should have expedited the development of trade infrastructure at outposts such as Attari, Agartala, Chennai, Mumbai, Panitanki, or Petrapole. Yet, facilities for cargo-laden trucks, adequate storage warehouses for perishables, adequate certification personnel and food testing labs are often sub-optimal on the Indian side at many of these posts. Lack of uniform checks leads to illegal transportation detention charges for agricultural cargos, resulting in increased transaction time and wastage - all adding to the cost of doing cross-border business.

According to our estimates, resolving some of the Non-Tariff Measures (NTMs) could add nearly US\$ 10 billion to India's gross domestic product (GDP). Considering that most Indians spend nearly 30 per cent of their annual household incomes on food,⁵ their prices are critical. A robust food trade network developed among South Asian countries will serve as an effective bulwark against such steep price rises. Trading with India and having relatively unfettered access to India's growing market matters a great deal to all South Asian countries. India features among the top five agro-export destinations for Afghanistan, Bangladesh, Bhutan, Nepal and Sri Lanka. For New Delhi too, introducing easy regulatory oversight and improving trade-related infrastructure for importing perishables efficiently into the country will improve its food security situation and also help in macroeconomic stabilisation.

Research Background

This research study - to identify and reduce NTMs to food trade (especially imports) into India - is based on primary survey data collected from six Indian land and sea ports. It aims to understand the NTM landscape vis-à-vis South Asian countries and of certain food imports from the United Kingdom. The study used perception survey and field survey data (qualitative and quantitative data); it encompassed various stakeholders such as exporters, importers, freight forwarders, clearing agents, customs officials, port authorities, shipping lines, container freight stations chamber houses and officials working in agencies such as the Food Safety and Standards Authority of India (FSSAI), Plant Quarantine (PQ) and Animal Quarantine (AQ), the Land Ports Authority of India (LPAI). The research team also analysed food products at selected trading ports through examining volumes of trade at these ports. Based on this, Agartala (Tripura), Attari (Punjab), Chennai (Tamilnadu), Mumbai (Maharashtra), Panitanki (West Bengal) and Petrapole (West Bengal) were selected for the study. After thorough analyses at these ports, recommendations were drawn.

Central Findings of the Report

The central findings of the report are that deeper integration and harmonisation of SPS measures, TBT and administrative measures for trade facilitation can greatly help to improve the food security framework in South Asia (Chapter 1). More inter-agency coordination, capacity building for the relevant

authorities, transparency in testing procedures, and trained personnel at the border trading posts will help result in improved food trade in the sub-continent (Chapter 2) and with the United Kingdom. Addressing some of the infrastructural issues at many of these trading posts (Chapter 3) will help reduce time costs and facilitate trade better.

Box 1: Improved coordination between agencies and encouraging efficient practices within agencies is the overarching need of the hour

- Integration of multiple clearance processes is essential at border trading posts. Agencies such as Customs, FSSAI, Plant and Animal Quarantine (PQ/AQ) departments, or the Central Warehousing Corporation (CWC) have clearance mechanisms for all food imports. Integrating these processes through a common platform will help reduce time.
- Training officials and staff (particularly in terms of quarantine measures or food safety rules and regulations) can reduce information asymmetry, and help in uniform interpretation of orders and policies.
- Redressal systems instituted by agencies such as the FSSAI can help address concerns of importers over lack of transparency and delays in clearances at trading ports like Chennai.
- Establishment of an inter-ministerial online committee – between Ministry of Commerce, Ministry of Health, and Ministry of Finance - will help better coordinate official action by agencies at trading posts.

Box 2: Harmonisation and uniform implementation of labelling standards and rules can help alleviate importers' concerns

- Harmonisation of labelling standards is vital to eliminate the prevailing repetitive procedures and practices. For example, common regional standards for food products under the aegis of the South Asian Regional Standards Organisation (SARSO) can be negotiated under the existing trade arrangements to significantly reduce labelling-related issues in trade of food products.
- Product-wise classification at the eight-digit level should be advanced, given that this could help distinguish regulatory jurisdiction between FSSAI and PQ or AQ departments.
- The absence of trade bodies or trading representatives within agencies like the LPAI affect fixing trade-related issues. Despite the provisions that statutory rules provide for trading representatives within these agencies, trade bodies are severely under-represented.

Box 3: Following up on reforms in infrastructure and connectivity at border posts can help reduce losses due to NTMs

- Expedite the establishment of Integrated Check Posts (ICPs) at Petrapole and consider the setting-up of one at Panitanki. This would significantly improve trade-related infrastructure surrounding these land ports.
- Periodic meetings between trade officials of neighbouring countries could help identify port-level bottlenecks and promote efficiency in clearance procedures through executive orders.
- Encouraging an advance bill of entry system at all land ports will help traders complete most activities (such as assessment, payment and submission of custom duties) before the arrival of their consignments.
- Installing a Risk Management System (RMS) will help agencies to exercise random sampling and selective testing based on previous transactions of the importer.

CHAPTER -1

INTRODUCTION

1.1. Background and Context

The sharp decline in traditional tariff barriers has contributed to the growth of international trade. As a result, international trade has experienced faster growth than global GDP, and has emerged as a driving force for the growth of the world economy. Reduction in tariffs has also shifted the attention to other kinds of barriers to trade - commonly known as Non-Tariff Barriers (NTBs). Generally NTBs occur when government imposes different kinds of laws, regulations, policies, conditions, specific requirements or restrictions. It also includes private sector business practices as well as protection to the domestic industries from foreign competition. Additionally, the improper application of NTBs is called Non-Tariff Measures (NTMs). The most noticeable forms of NTMs are Sanitary and Phyto-Sanitary measures (SPS) and Technical Barriers to Trade (TBT).

It is a common knowledge that though NTMs are largely imposed for protectionist purposes, the imposing countries offer a wide range of explanations for their use. However, it is very difficult to demarcate a line between “defensive and offensive” interests with respect to NTMs. While efforts are underway at the regional and global levels to reduce NTMs through preferential trading arrangements, such initiatives have often failed to achieve the desired outcomes. NTMs have emerged as the biggest obstruction to the growth in regional trade, and undermine the core objectives of trade agreements. The South Asian region serves as a perfect example in this context (M. Rahman and A Razzaque, 2014). NTMs imposed at different stages of production are deleterious to trade flows and affect intra-regional trade in the region.

The low growth of intra-regional trade - despite significant amounts of trade liberalisation under the South Asia Free Trade Area (SAFTA) Agreement (Kardar S, 2011) - is a matter of great concern for policymakers in all member countries of South Asia. Intra-regional trade in South Asia is still less than 5 percent as compared to 24.1 percent (FY 2014) in ASEAN region,⁶ 62.22 percent for European Union (2013)⁷ and 12 percent (2007-2011) for East African region.⁸

Despite the reduction of tariff barriers in South Asia, especially by India (biggest market among South Asian nations), intra-regional trade has not improved in the past few years. This has led many studies to argue that low level of intra-regional trade among the member countries of South Asia is caused by the plethora of NTMs that inhibit the potential of intra-regional trade. A study conducted by the Asian Development Bank (ADB) shows that SPS, TBT, and anti-dumping duties are major deterrents to the growth of intra-regional trade in South Asia. Raihan (2014) remarks that while SAFTA has made some progress by giving

duty-free market access for tradeable goods for Least Developing Countries (LDCs), NTM-related issues remain unaddressed within SAARC.⁹ He further states that NTMs are the major challenges for deepening vertical integration in South Asia. CUTS (2014) stated that although SAFTA stressed on eliminating NTMs, facilitating customs cooperation and affecting trade facilitation, the grouping has made minimal impact on the ground to address these issues.¹⁰

Agricultural trade, i.e. trade in food products also face the issue of NTMs. The agricultural sector plays an important role in the economic development of South Asian countries; it provides employment to 50 percent of the population of South Asia and it contributes 15 per cent to total GDP of the region (Nanda N, 2012). The agriculture sector is very important for providing livelihood and food security to the South Asian region. It is strongly believed that agriculture trade in South Asia can play a crucial role in not only addressing food security related issues but also uplifting millions of people out of the poverty trap. However, agriculture trade in South Asia faces high level of NTMs, which have significantly undermined the potential of agriculture trade among South Asian nations (UNESCAP, 2015).

A large number of NTMs relating to standards, testing and certification procedures prevail in agricultural trade. For instance, India “imposes strict bio-security and SPS requirements” for agricultural imports. In India, all imports of food products are subject to approval from FSSAI, PQ and AQ. Getting approval from these agencies for importing food products is often time and resource consuming (Raihan et al., 2012). In the same vein, Bangladesh has also imposed ban on the import of poultry products from India; this is despite India having regained “avian influenza-free status” certificate and many other countries having lifted the ban on India.¹¹ Other than SPS and TBT, there are serious concerns related to poor customs procedures, infrastructural problems like storage facilities at borders – particularly at Land Custom Stations (LCS) - which deter trade in food products along the India-Bangladesh and India-Nepal borders. Limited space for loading and storage coupled with poor road conditions also act as major trade barriers in South Asia.¹²

This project study identifies product and port-specific NTMs (to imports of selected agricultural, food and processed food items) from a specific group of countries into India. The study is based on field surveys to identify key barriers (process, procedural, regulatory, administrative, SPS and TBT) restricting India's food trade with South Asian countries such as Bangladesh, Sri Lanka, Nepal, Pakistan, and also selected trade imports from the United Kingdom. The project report focuses on six key trading posts: Attari, Agartala, Chennai, Mumbai, Panitanki, and Petrapole.

1.2. Research Methodology

This research is based on primary survey data collected from six Indian ports (Table 1) to understand the prevailing NTMs for trade of food products in India. The analysis of the study was based on field survey data (qualitative and quantitative data) and encompassed responses from various stakeholders such as exporters, importers, freight forwarders, clearing agents, customs officials, port authorities, shipping lines, container freight stations, chamber houses and officials working in FSSAI, PQ and AQ. The analysis of the study mainly looks at key process and procedural barriers which include time and cost related barriers with regard to import of food products. For selecting food products, ports and trade process analysis, detailed methodological approaches are explained below.

Selection of Food Products

- The value of India's global imports of any agro/food products and the value of global exports of similar products by the partner country are more than \$1 million respectively (from ITC Trade Map, Geneva for 2014). Products which fulfilled this criterion but have relatively limited exposure to India could validate the case of high NTM. Furthermore, if imports of selected products in India were low from Bangladesh, Pakistan, Nepal, Sri Lanka and the UK but its aggregate imports from the world are relatively higher, it could be highly possible that such products faced import related NTMs in India (Table 1).

- India's exports of selected products to the world are high as compared to Bangladesh, Pakistan, Nepal, Sri Lanka and United Kingdom. This exhibits that India's exports of these products to the world are higher as compared to its exports to Bangladesh, Pakistan, Nepal, Sri Lanka, and the UK. Based on this criterion, the products have been selected to examine the export of food related NTMs (Table 1).

Selection of Ports

- In order to select ports, CUTS examined the existing volume of trade of identified products at various ports, and referred to databases from the Agricultural and Processed Food Products Export Development Authority (APEDA) and Directorate General of Commercial Intelligence and Statistics (DGICS). Based on the analysis, Agartala, Attari, Chennai, Mumbai, Panitanki, and Petrapole were selected for this study (Table 1).

Trade Process Analysis

- Export and import process analyses of selected food products at six Indian ports were conducted with the help of the UNNExT Business Process Analysis Guide to Simplify Trade Procedures.¹³ These were reviewed and modified for the purpose of analysis in this study. The time, cost, process and procedures were calculated as part of the analysis in this study.

Table 1: Overview of Ports Covered, Selected Products, Partner Country, and Stakeholders Involved

Ports Covered	Selected Products for Import	Selected Products for Export	Partner Country	Stakeholders
Attari	HS Code (210690) Food preparations nes	HS Code (22029010) Soya milk drinks, whether or not sweetened or flavoured	Pakistan	Exporters
Agartala	HS Code (030289) frozen or chilled fish, n.e.s	HS Code (08109090) other fruit, fresh (other)	Bangladesh	Importers Clearing Agents
Chennai	HS Code (090411) Pepper of the genus Piper, ex cubeb pepper, neither crushed nor ground. HS Code (090240) Black tea (fermented) & partly fermented tea in packages exceed 3 kg HS Code (220870) Liqueurs and cordials	HS Code (170199) Refined cane or beet sugar, solid, without flavouring or colouring matter	Sri Lanka and United Kingdom	Freight Forwarders Government officials Customs
Mumbai	HS Code (180690) Chocolate and other food preparations containing cocoa nes	HS Code (080132) Cashew nuts, without shell, fresh or dried	United Kingdom	Shipping Lines FSSAI
Panitanki	HS Code (0303) Fish Frozen, whole	HS Code (0701) Potatoes (Fresh or Chilled)	Nepal	Chamber Houses
Petrapole	HS Code (190590) Communion wafers, empty sachets of pharm use & sim prod & bakers' wares nes	HS Code (100199) Wheat and meslin (excl. seed for sowing, and durum wheat)	Bangladesh	Container Freight Stations (CFS)

Source: Products- ITC Trade map, Geneva (2015) & CBEC, Govt. of India, Ports- APEDA & DGICS & CUTS International Survey, 2015

CHAPTER -2
ANALYSIS OF INDIA'S TRADE
PROCESS AND PROCEDURES
OF SELECTED PORTS:
MAJOR FINDINGS

2.1. Attari-Wagah Integrated Check Post (ICP): Import-Export Process, Existing Barriers and Proposed Reform Measures

The Attari-Wagah border connects New Delhi and Islamabad through the Amritsar-Attari-Wagah-Lahore route. This route is part of a larger route known as the Pan Asian Highway Network

import-export documents with reference to the bilateral trade in agricultural commodities (to and from India) is shown in the following table:



Trade gate at Attari wagah Border (View from the Attari ICP)

connecting Istanbul and Tokyo.¹⁴ Presently, it is the only notified land route for trade between India and Pakistan.

Pakistan maintains and allows a restricted list of 137 import items from India through the Attari integrated check post (ICP) at the Attari- Wagah border whereas India allows imports of all products (barring its sensitive lists under SAFTA) from Pakistan. Bilateral trade volumes through the Attari-Wagah land route is high in agricultural commodities; it is dominated by items such as soymeal cake, fresh fruits and vegetables (tomatoes, potatoes and garlic), biscuits, and fresh meat. On the other hand, India's import basket of agricultural commodities through this land route includes dry dates, dry apricot, almonds, raisins, fresh melons, grapes, and pomegranates from Pakistan. The number of

Table 2: Key Documents Required at Attari-Wagah-ICP

Import Documents	Export Documents
Bill of Entry	Bill of Export
Invoice	Invoice
Single Entry Permit (SEP)	Packing List
Plant Quarantine Certificate	Export License
Certificate of Origin	Application for Removal
Treasury Receipt Challan	Excise-1 (ARE)
Import License	Plant Quarantine Certificate
Packing List	Letter of Credit (LC)

Source: CUTS Survey (2015)

During the assessment of Import/Export Process at the Attari-Wagah ICP, importers have to negotiate through six agencies at Attari- ICP. The agencies are a) Customs (preventive and assessment), b) CW C, c) Plant Quarantine Organisation of India, d) Exporter's Bank, e) Bureau of Immigration and, f) Border Security Forces (BSF). The mapping of import procedures indicates that nearly 14 procedures exist for importing a single consignment. These begin from the time of entry of import-laden Pakistani trucks to the transfer of cargo into Indian trucks and the final exit of Indian trucks. On the other hand, there are nearly 13 procedures for a single export consignment.

2.2. Real Time Trade Process Analysis of Indian Import of Agricultural Commodities through Attari Integrated Check Post (ICP)

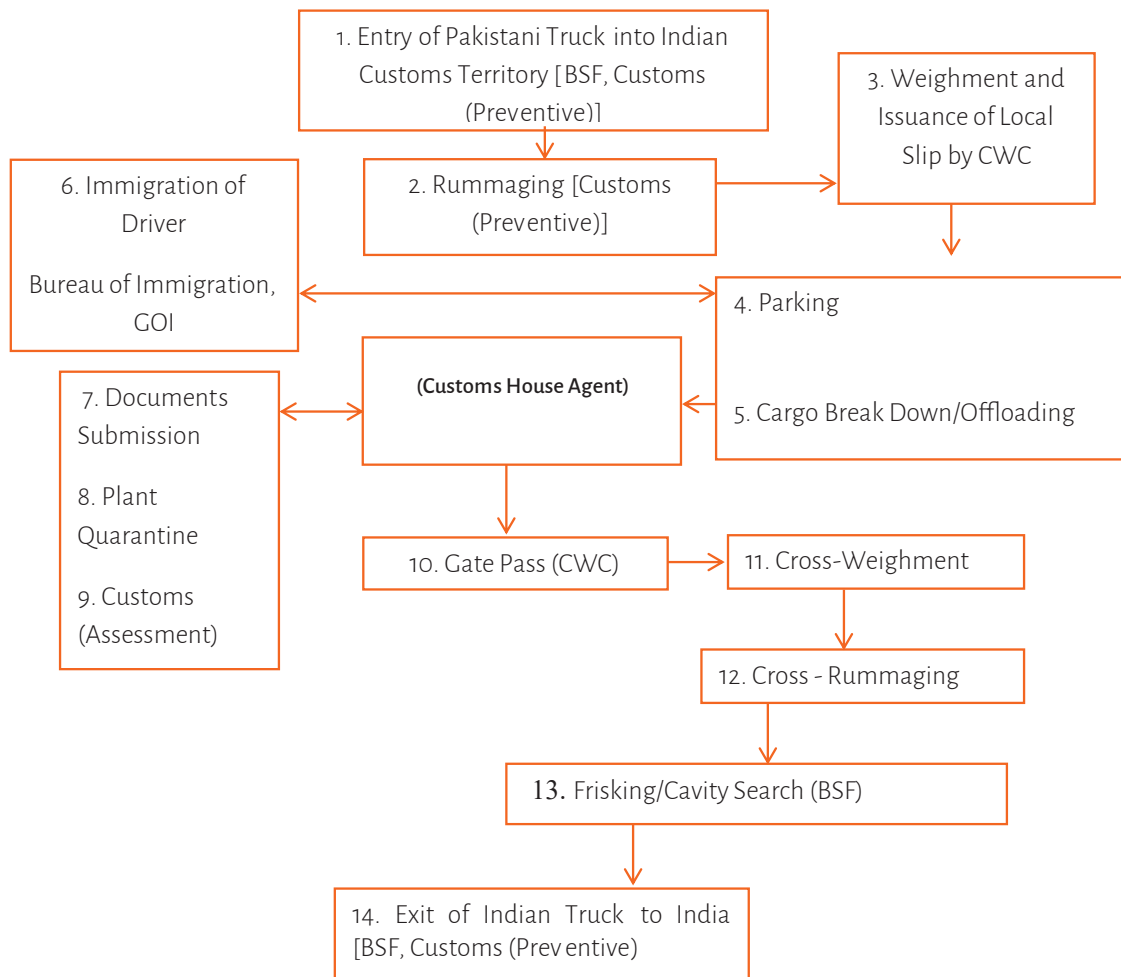
Trade between India and Pakistan through the Attari Integrated Check Post (ICP) takes place between 7 am to 7 pm every day. The study indicates that push and pull factors play a major role in the

functioning of bilateral trade between India and Pakistan. For example, when imports increase, then the partner country reacts by intensifying exports to reduce its impact on the economy. This has so far prompted both the countries to make trade a regular and natural affair. Although bilateral trade in essential commodities like fresh fruits and vegetables and other agro commodities like dry dates, spices, cotton, and soya meal extract is taking place. Tariffs under the Agreement on South Asia Free Trade Area (SAFTA) have been reduced, but the NTMs between the two countries still remain exhaustive and somewhat complicated. The inward process of India's imports from Pakistan, particularly with reference to agricultural commodities, comprises of 14 procedures across six facilitating agencies, as shown through the following import flow chart and box respectively.



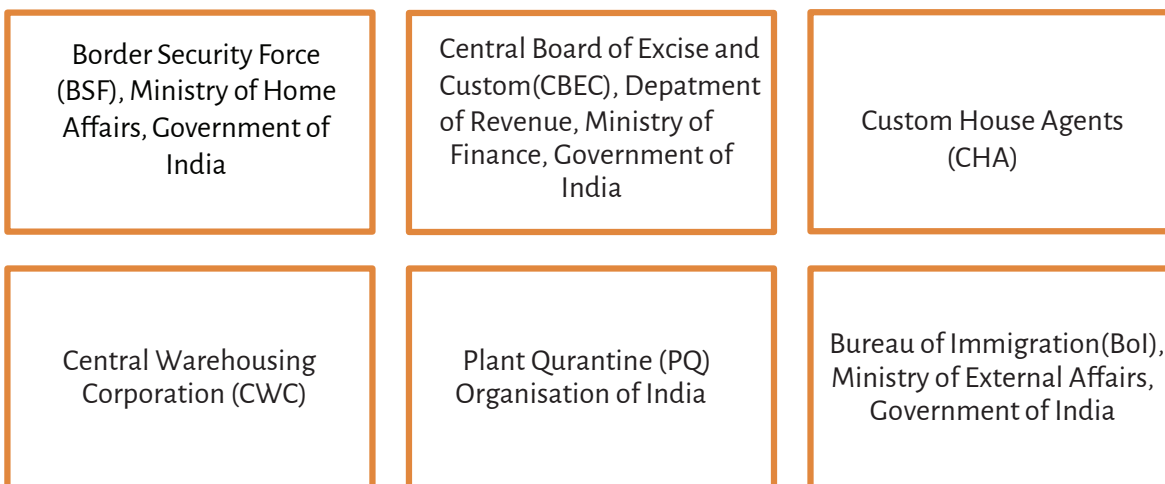
Weighment Bridge

Chart 1: Current Import Flow through Attari ICP



Source: CUTS Survey (2015)

Chart 2: Coordinating-Agencies and Operations at the Attari ICP



Source: CUTS Survey (2015)

According to the figures provided by the Amritsar Customs, dwell time¹⁵ in the six-month period from November 2014 to April 2015 was around 9 working hours for clearance of imports by Customs. However, the dwell time for overall clearance (which includes gaining approval from all other agencies) is nearly 50 working hours during the same time period.

2.2.1. Reform Measures for Imports

The Centre Warehousing Corporation (CWC) is the custodian of the Attari ICP however they lack authority to operate gate. While conducting real time analysis, our research demonstrates that some of the initial procedures could be jointly carried out by Customs, CWC and the Border Security Force (BSF) rather than Customs (preventive) and BSF at the gate. For example, at the entry point, CWC and BSF could set up their infrastructure together. A weighbridge can be installed at the entry point and empowered with an Electronic Data Inter-Change (EDI) enabled platform, that will be shared by BSF, CWC, and Customs (Preventive). As soon as the entry is electronically registered and received, Customs (preventive) can begin with the import rummaging. This could further be made more efficient if a Full Body Truck Scanner with inbuilt weighbridge is installed at the entry point. Once the entry is made in the common user interface, the importer and/or the agent could be made aware through a chargeable consignment status receipts on their mobile phones.

After import rummaging by Customs (preventive), the truck goes directly to the bay allotted for cargo-breakdown/offloading of consignment. At the same time, other key agencies such as Customs (Assessment) and Plant Quarantine (PQ) are also informed. The importers or their agent can ascertain compliance promptly either online or in person while both agencies undertake their examination and appraisal. Agencies may also club their outward clearance documents such as PQ Release Order and Custom Out of Charge into one “PQ Release and Custom out of Charge”, particularly for the agricultural commodities. The document may be created in a single page exclusive format which enables both the agencies to refer to their information at one go. An internal coordination mechanism can be devised by defining it in an ICP- wise Standard Operative Procedure (SOP) document.

On the Indian side of the border, it was observed that the Bureau of Immigration undertakes immigration of Pakistani truck drivers on Single Entry Permit and one additional bonafide document is required at cargo terminal. On the Pakistani side, such immigration of Indian drivers is not practiced, as trucks on both sides are bound to remain in custom notified area. They cannot move beyond the notified area. It is therefore viable for Indian authorities to reduce this procedural requirement through bilateral talks.



Import Rummaging Point at ICP

Table 3: Import Process, Agencies Involved, Time, and Cost for Each Step at Attari ICP

Inward Document	Inspecting Agency/Tasks	Outward Document/ Process	Time	Cost (INR)
Single Entry Permit	Border Security Force Frisking & Cavity Search	Manual Entry by BSF	5 minutes	-
Invoice and Single Entry	Customs(Preventive)	Collection of Single Entry Permit	2-5 minutes	-
Invoice	Centre Warehousing Corporation	Weighment and issuance of location slip Cargo Break down and cargo offloading from Pakistani Truck	2-5 minutes	Credit Transfer
Bill of Entry	Customs (Assessment) Bill of Entry is submitted to Customs through Electronic Data Interchange to initiate Duty Assessment/Examination and Appraisal) of the consignment	Customs manually refers the case to Plant Quarantine	2-3 hours	As per the Tariff Schedule of customs
Import Permit / Plant Quarantine Certificate furnished by CHA on behalf of Importer	Plant Quarantine Organisation of India. Plant Quarantine Inspection, post-entry quarantine inspection, fumigation, disinfection and supervision charges of imported plants and plant materials	Import Release order	Upto 48 hours ¹⁶	Rs.2500/mt plus Rs. 75/- per additional tonne
Import Release Order	Customs (Assessment)	Customs out of Charge	Within the same time of above-point	As per the Tariff Schedule of customs
Custom Out of Charge	Centre Warehousing Corporation	Online/Manual collection of handling, parking & storage changes Cargo-loading on Indian truck Issuance of Gate Pass	1-2 hours	Covered Space Charges 1-3 Day- Rs. 4 per MT per day or part thereof 4-7 Day- Rs. 20 Per MT per day or part thereof 8th Day onward- Rs. 50 per MT per day or part thereof Offloading/ Loading Charges Rs. 6.50 per bag of upto 40 kg Rs.14.30 per bag above 40 kg Truck Entry/Parking Charges Upto 40 MT- Rs.200 per truck per day or part thereof Above 40 MT- Rs. 400 per truck per day or part thereof Weighment Charges Rs 60 per truck per process
Cross Weighment and Rummaging	CWC/Customs (Preventive)	CWC Online information/ Custom clearance	2-5 minutes	As per the Tariff Schedule

Source: CUTS Survey (2015)

2.3. Analysis of Real Time Trade Process of Indian Export of Agricultural Commodities through Attari ICP

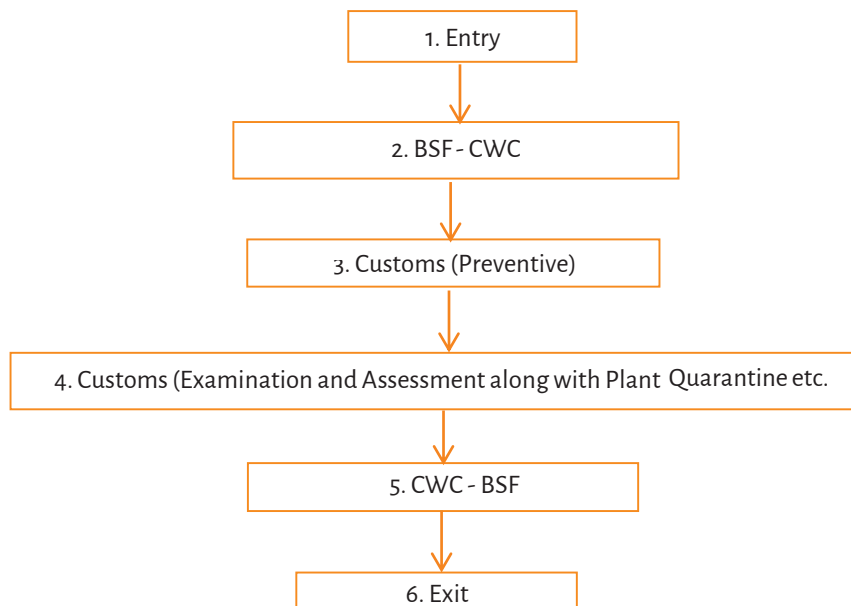
According to the Amritsar Customs, the procedure of export clearance is completed on the same day or the next day. In case of both exports and imports, the management gate control should

be given to CWC and BSF. CWC could electronically share the information for Customs to begin with the export rummaging, examination etc.



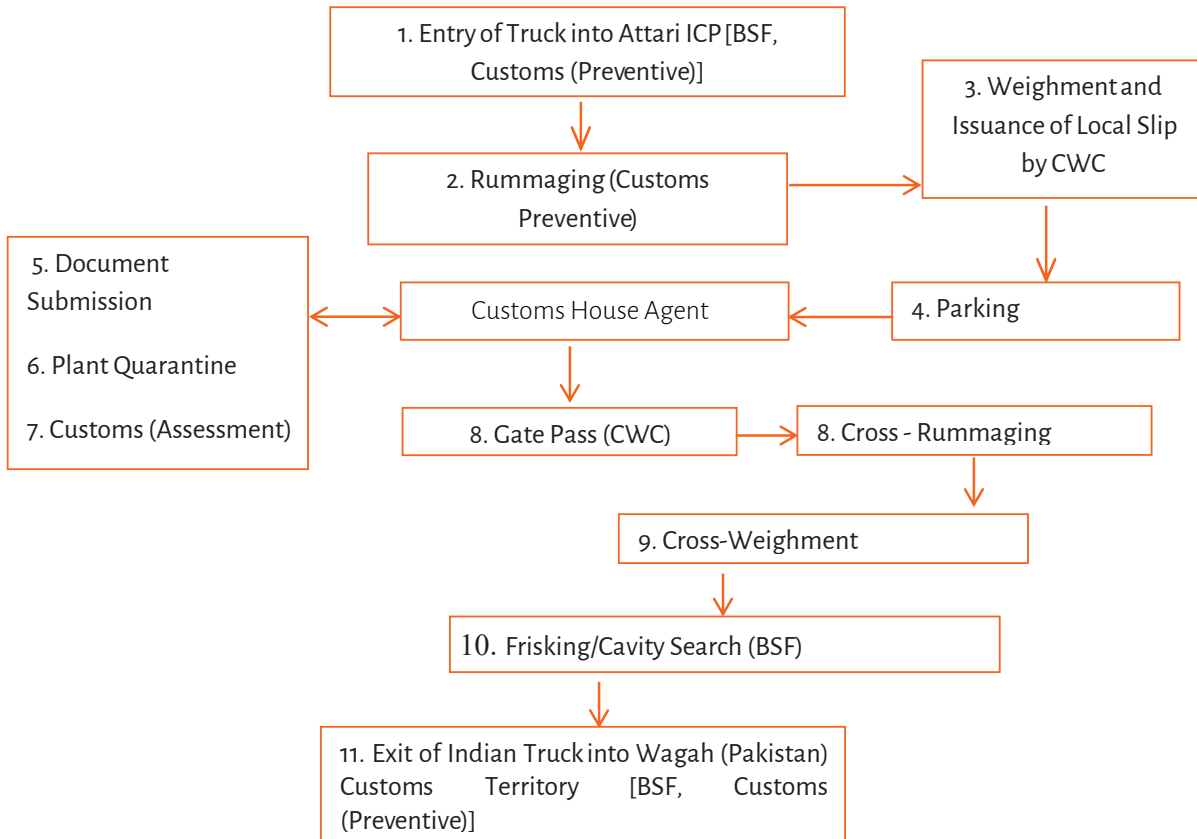
ICP Export Terminal

Chart 3 – Proposed Import Flow through Attari ICP (Post technological interface along with installation of full body truck scanner plus inbuilt electronic weigh-bridge)



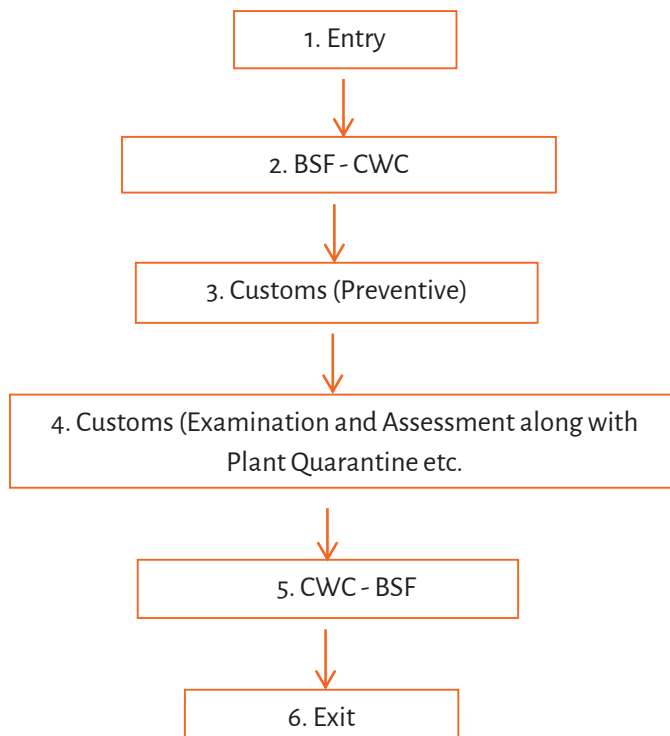
Source: CUTS Survey (2015)

Chart 4: Current Export Flow through Attari ICP



Source: CUTS Survey (2015)

Chart 5: The Proposed Export Flow through Attari ICP



Source: CUTS Survey (2015)

Table 4: Export Process, Agencies Involved, Time, and Cost for Each Step at Attari ICP

Inward Document	Inspecting Agency/ Tasks	Outward Document/ Process	Time	Cost (INR)
Invoice/Token No.	Border Security Force Frisking & Cavity Search	Manual Entry by BSF	5 minutes	
Bill of Export/ Packaging List	Rummaging Customs(Preventive)	-	2-5 minutes	-
Invoice	Centre Warehousing Corporation	a. Weighment and issuance of location slip b. Cargo Break down and cargo offloading from Truck for Customs Examination/Plant Quarantine	a. 2-5 minutes b.2-3 hours	-
Invoice, certificate of origin, SPS Certificate to Customs and PQ online	Customs (Assessment)	Customs Refers the case to PQ and simultaneously verify compliances (Manual and Online)	1-2 hours	Credit Transfer as per the tariff schedule
Invoice, Packing List	National Plant Quarantine Organization of India	Export Inspection and Fumigation Issues the SPS Certificate	24-48 hours (Up to 12 hours if things found in order)	> 1.5 cu.m Inspection Fee- Re.1/- Fumigation or Disinfection Charges- Rs.6/- ¹⁷

Source: CUTS Survey (2015)

2.4. Summary of major advocacy points (Policy, Procedural, and Physical)

The whole process of import from Pakistan to India takes 3-5 days; starting from entry of import laden truck to clearance of cargo to the importer on the Indian side. There are 14 procedural activities performed at the Attari ICP (Chart 1). Some activities can be replaced altogether or be clubbed with other activities. This would reduce the time and costs involved significantly which in turn would speed up the clearance of cargo. The key observations are summarised as follows:

- **Greater use of Technology**

The Customs department refers imported food products to the PQ so it may undertake the SPS examination. These cases are referred to manually and the CHA has to coordinate between Customs and PQ. This is a time-consuming exercise and involves quite a bit of paperwork, which directly impacts the efficiency of consignment clearance. Integrating PQ and Customs through EDI-enabled interface can address the issue effectively. Manual passage of documents can be scrapped. For example, Customs gives 'a Customs-out-of-charge' document to CWC manually. This document should be issued electronically. Technology driven inter-agency integration can tremendously complement the infrastructure

driven integration and improve overall performance of the Attari ICP.

- **Reduction in Cost of Loading and Unloading**

The cost of loading and unloading charges is high at this ICP - at INR 6.50 for a 25-kg bag subject to change on the basis of quantity.¹⁸ However, traders candidly shared that the loading/ unloading charges are high compared to other ports and this has significantly affected competitiveness. Importers have opined that labour charges at Attari ICP are approximately 300 percent higher as compared to other dry ports in Punjab. Consequently, bilateral trade through Attari-Wagah ICP has decreased by 33 percent in 2015 as compared to 2014 .

- **Streamlining Procedure of Single Entry Permits (SEP)**

SEP to Pakistani drivers for entry into Attari ICP is issued by the Indian Customs. This is however verified by the Bureau of Immigration (BoI) under the Ministry of External Affairs instead at the cargo terminal. SEP is a mutually recognised arrangement between the Customs authorities of India and Pakistan. Moreover, as SEP falls under the purview of the Customs department on either side, the process of verification through BoI in India is redundant, and can be eliminated.

- **Need for Seamless Internet Connectivity**

The failure of internet connectivity is a major issue at Attari ICP. As a result, traders and customs officials cannot use EDI for completing clearance related formalities. Customs department initiates the manual submission of documents and clearance of consignment which is time consuming. In the interest of time and efficiency, it is extremely important to address the issue of network connectivity.

- **Introduce the Standard Operating Procedure (SOP)**

At present, each department has its own SOP which creates overlap, conflict of authority, coordination and cooperation related issues. A single standard SOP for the entire ICP is essential to improve the efficiency of various agencies involved at the ICP. Not only will this help the various agencies integrate practices and improve service delivery but also encourage the trading community to take benefit of a predictable, transparent and streamlined export/import clearance process. A higher rank official from LPAI (such as Director ICP) can ensure coordination among agencies and act as a single point of contact to other stakeholders (in case of grievances), which can enhance ICP's competitiveness tremendously.

- **Absence of Trade Bodies**

There is an absence of trade bodies in the LPAI board, despite a provision for the same. Its immediate and effective realisation will help trade bodies to explain the nuances of trade related issues to other agencies at Attari ICP.

- **Uniform storage charges by Land Port Authority of India**

Land Port Authority of India (LPAI) should impose uniform storage charges on all land ports which comes under its supervision. For instance, the Agartala port in Tripura has lower storage charges than Attari port.

2.5. Agartala (Tripura) Export-Import Process, Existing Barriers and Proposed Reform Measures

Tripura, in North East India, is basically a landlocked state and shares a long open border with Bangladesh on three sides and the Meghalaya hills on the other. Naturally, Bangladesh has great influence and relevance for Tripura as both have strong historical, linguistic and cultural linkages. . Communication of Tripura with other parts of India is difficult and time-consuming, whereas communication with Bangladesh is easier due to geographical proximity. Tripura connects with neighbouring Indian states through NH-44 and the average time to reach Shillong (Meghalaya) and Guwahati (Assam) - the two nearest commercial centres in North East India - is 12 hours and 16 hours respectively. On the other hand, it takes only 4 hours to reach Bangladesh's capital – Dhaka.

It is a well known fact that the cost of living is much higher in Tripura because of its landlocked position. Commodities from other Indian states (interstate imports) reach Tripura with



ICP's Exit towards Bangladesh

additional prices (compared to other Indian States) because of high transportation cost. Being a hill state, the total cultivable area in Tripura is limited. The state is therefore dependent on the public distribution system (PDS) for procuring foodgrains. Tripura's own state production of food grain is not sufficient and therefore it depends on other Indian states to meet its basic requirements.

Considering the cultural similarities, there is tremendous economic potential to boost bilateral trade between Bangladesh and Tripura, Agarthla. Tripura has vast amount of natural resources and it has also potential to export electricity to Bangladesh. Other than this, it has also potential in the area of horticulture and plantation. While Bangladesh can be good connecting point for India to access larger East Asian markets



ICP's Parking Lot

It is important to note that the distance between Kolkata to Agartala was 360 km before the independence but now it is 1,680 km between Kolkata to Agartala

Despite huge trade potential between Tripura and Bangladesh, several trade barriers restrict seamless trade between these two geographies. Since Tripura does not produce industrial commodities or value-added products, there is very limited scope of export to Bangladesh.

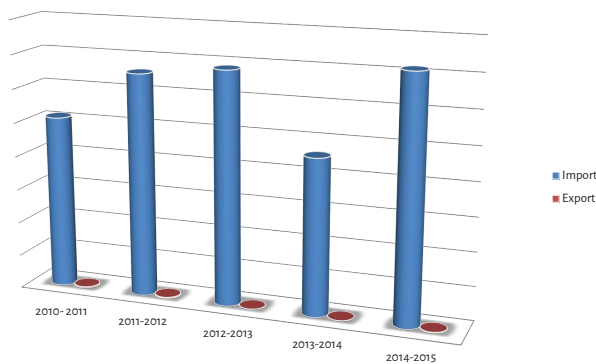
The major imports from Bangladesh to Tripura are cement and stone chips. Fish (dry, frozen and live), processed food and plastic furniture are also imported from Bangladesh, but trading volumes are less. On the other side, Tripura exports some seasonal fruits, dry fish, etc., to Bangladesh.

Table 5: Trade Between Tripura and Bangladesh (Value in INR Crore)

Year	Import	Export	Total
2010-2011	255.84	1.71	257.59
2011-2012	329.05	1.55	330.6
2012-2013	342.65	0.41	343.6
2013-2014	229.83	0.41	230.24
2014-2015	357.65	1.02	358.67

Source: Department of Industries & Commerce, Government of Tripura

Figure 1: Export Import scenario at ICP Agartala in Last five years
(Trade values in INR Crore)



Source: Department of Industries & Commerce, Government of Tripura

Table 6: Top Agricultural/ Food Item Traded Between India- Bangladesh at Agartala

Export		Import	
H S Code	Commodities	H S Code	Commodities
08109090	Fresh Fruits (Jackfruit)	030289	Fresh Fish
080430	Pineapple	30559	Dried and Salted Fish
080530	Citrus Fruits	190540	Rusks Toasted Bread and other toasted products
0305	Dried Fish	190590	Other Bread, Pastry, Rice Paper and similar products

Source: Primary Data, 2015 collected from Agartala customs

• **No Parking Space Inside the ICP**

Inside the ICP there is no parking space for Indian trucks (i.e., those carrying import commodities to different parts of Tripura) and no basic infrastructure such as restrooms or drinking water arrangements. Trucks are parked outside the ICP. Inside the ICP is a small office of PQ, which is mainly used for testing agricultural products. The office is functional; however, due to low volumes of export of agricultural commodities from India to Bangladesh and restrictions on imports from Bangladesh to Agartala, there is no proper function of this PQ in the ICP.

Due to lack of state production (except paddy) of agricultural commodities including different fruits, vegetables and potatoes, there is a huge demand for Bangladesh's agricultural commodities in Tripura. However, due to some technical restrictions from the Indian PQ, import of particular commodities is not allowed.

2.6. Trade Infrastructure and other bottlenecks at Akhaura, Agartala ICP

Akhaura ICP has been operational since November 2013. The ICP is hardly 5 km from the town of Agartala. All the basic infrastructure such as immigration facilities, warehouse (2,460 sq mt), cold storage, weighbridge, transshipment facility, parking place (20k square meter), open yard (73k square meter) and security arrangements are readily available inside the ICP. However, the connecting road from ICP to Agartala city and other parts of Tripura is in poor condition and during daytime, due to local city traffic, it becomes difficult to move trucks towards the ICP.

• **Testing and certification of Food items**

From Bangladesh, some processed food (HS Code 190540 and 190590) items are imported to Tripura. These food products require testing before it can come to the local market in Agartala. But inside the Agartala ICP, there is no facility to test food samples. Importers of Tripura are therefore dependent on the State food testing labs run by the Department of Health, Government of Tripura and other testing labs based in Kolkata and Guwahati. Testing samples take approximately 10 working days - from sample collection to the receipt of requisite certificates.



Open yard at the ICP



CWC Office and the Warehouse

Sometimes, these processes involve an informal cost in the form of “speed money” to expedite the arrangements.

There is a huge demand for fresh white fish (HS Code 0303) in Tripura. This too has to be tested by the AQ department. But Agartala ICP does not have testing facilities and Customs has to depend on the certificate (Salubrity certificate for Exportable Fish) provided by the Department of Fisheries, Government of Bangladesh to allow the fresh product daily into Tripura.

Earlier, the import process was much easier as goods were moved from truck to truck, which helped keep loading/unloading costs

under control. With the setting up of the ICP, the whole system has changed; the truck from Bangladesh unloads the goods inside the ICP warehouse and leave. After the Customs clearance has been obtained, Indian trucks arrive for loading goods. This has doubled loading/unloading costs and altogether, the import costs for a single truck has increased by more than INR 1,500.

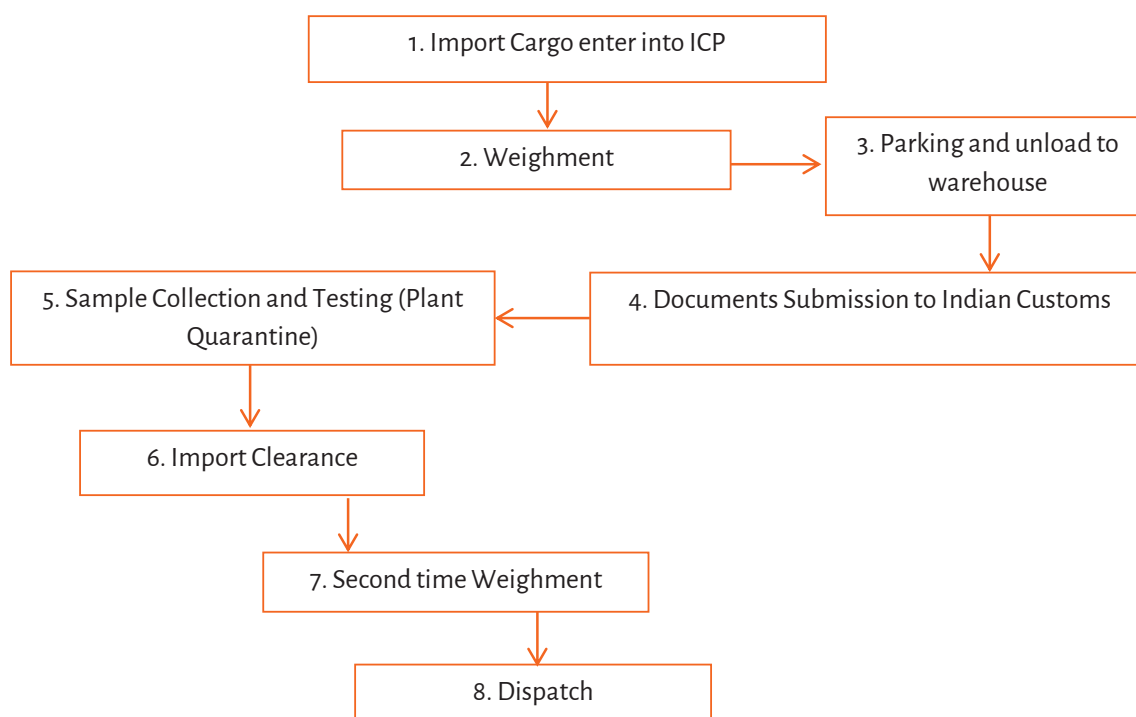
Other than issues relating to physical infrastructure, there are quite a few hurdles in the export-import process that need to be addressed to facilitate trade from this ICP. The following tables illustrate the number of documents required for both processes and also indicates the time and cost required for each step.

Table 7: Cost Comparison at Agartala ICP

Name of the Service	Present Cost (INR)	Past Cost (INR)
Using of warehouse inside the ICP	INR 4 for one ton for first three days. After three days the cost will increase INR 10 per tonne during four to seven days and INR 50 for next 5-10 days	NIL
Goods Handling cost (loading/ Unloading cost)	INR 155 for 1-10kg box INR 2.08 for 10-20 kg box INR 4 for 20-50 kg box INR 4 for 20-50 kg box INR 7.40 for 50-70 kg box Cement – INR 2.90 per packet	INR 2 per 50 kg
Car Parking inside the ICP	INR 100 (For Bangladeshi Truck)	NIL
Goods weight	INR 50 per truck	INR 20 per truck

Source: CUTS Survey (2015)

Chart 6: Existing Import Flow (Export has stopped from Agartala ICP since 2015)



Source: CUTS Survey (2015)

Table 8: Key Documents Required for Export and Import of Agricultural Commodities at Agartala-Akhaura ICP

Import Documents	Export Documents
Invoice Packing List BSTI Certificate Certificate of Origin SAFTA Certificate Car Pass	Invoice Packing List LC Copy Contract Paper (Between Exporter and Importer) Goods Registration (GR) Certificate Tax Invoice Purchase Bill Weighment Certificate PQ Certificate Fumigation Certificate

Source: CUTS Survey (2015)

Table 9: Import Process, Agencies Involved, Time and Cost for Each Step at Agartala-Akhaura ICP

Process	Documents	Agency Involve	Time	Cost (INR)
Import cargo enter to ICP	Car pass	Customs, BSF	10 minutes	NA
Weighment	Invoice	Customs	30 minutes	INR 50/ truck
Park at CWC parking	NA	CWC	10 minutes	INR 100/truck
Unload to Warehouse	Invoice Packing list	Customs/CWC	2-3 hours	Food Item: 10-20kg box: INR 2.80/box Cement: INR 2.90/bag Stone chips: INR. 37/ton
Import Cargo exit towards Bangladesh	NA	BSF	10 minutes	NA
Documents file to Customs	Invoice Packing List BSTI Certificate Certificate of Origin SAFTA (Where applicable) Car Pass	Customs	2 hours	NA
Physical verification & Sample collection for testing ¹⁹	Customs	Invoice Packing List	2 hours	NA
Testing of Products (For Food/ Processed Food)	Invoice Packing List BSTI Certificate & Certificate of Origin	PQ/ SFL (State Food Laboratory under Govt of Tripura)	7 days approximately	INR 2500/sample
Import Clearance	NA	Customs/CWC/PQ	Depend on testing time in case of Process food nearly 7 working days. Fish— 2- 3 hours, Stone Chips- 4-6 hours	Import Duty (Where applicable)
Goods Weight	NA	CWC/Customs	½ hour	INR. 50/truck
Entry of Indian Truck and goods loading	Invoice Packing List BSTI Certificate, Certificate of Origin PQ/SFL certificate	CWC/Customs	2-4 hours	CWC cost: Including all cost it is approximately INR 480/ton

Source: CUTS Survey (2015)

Table 10: Export Process, Agencies Involved, Documents Required, Time and Cost for Each Step at Agartala-Akhaura ICP

Process	Agencies Involved	Documents Required	Time Involved	Cost Involved (INR)
Goods Registration (GR)	Exporter / Customs		½ hour	No
Truck comes to ICP for necessary producing	Exporters/ CWC		½ hour	No
Export Document submit to customs	Exporter	Invoice	½ hour	No
Risk Management Assessment and Weighment	Customs	Packing List	½ hour	No
Product testing by Plant Quarantine department and clearance Certificate	PQ Department	LC Copy	½ hour	No
Goods Verification by Customs and Export Order	Customs	Contract Paper		
Documents submitted to Bangladesh Customs	Customs	(Between Exporter and Importer)	Up to 4 hours	INR 2/ton
Move towards Export	Exporter/ CWC	Tax Invoice/ Purchase Bill	2 hours	No
Final Verification by Customs Preventive and	Customs (Preventive)	Weighment Certificate	½ hour	No
Despatch		PQ Certificate/ Fumigation Certificate	10 minutes	INR 100/truck as parking fees
		GR Certificate Bill of Export Car Pass	10 minutes	No
		Export Manifest		

Source: CUTS Survey (2015)

The major delay and high cost of trade in the import and export of food items results from the requirements for testing and certificates performed by PQ. For exports, customs verification of documents and issuance of Export Orders are the most time consuming processes. Where imports are concerned, the testing requirement overshadows other procedures in terms of causing delays and high trade cost.

2.7. Based on the study findings and consultations, the possible advocacy points are follows:

- **Single Window Operation**

The PQ/AQ and food safety related processes require major attention. A single window system involving PQ, AQ and

FSSAI (when it commences operations at land ports) should be created with a consolidated set of documents and fixed charges that can be submitted to one agency.

- **Joint inspection by Indian-Bangladesh authority of Food Items**

Joint inspection by Indian- Bangladesh authorities of food items can help harmonise processes and reduce repetitive practices on both sides of the border. Such inspections can be conducted close to the border. Officials of both countries can undertake joint inspections and agree on the safety and reliability of the consignment, thereby reducing wait time and unnecessary congestions at the border point.

- **Capacity Building of Officials and Staff**

Capacity building measures should be undertaken for officials and staff on rules and regulations (particularly in terms of quarantine and food safety rules and regulations) so as to reduce information asymmetry.

This will reduce misinterpretation of orders that could increase costs. Furthermore, simplification and minimising Customs processes with lesser number of documents, signatures and checks will enhance competitiveness.

2.8. Petrapole Export-Import Process, Existing Barriers and Proposed Reform Measures

Petrapole is an LCS near Bongaon in North 24 Parganas districts of West Bengal. Located about 125 km from Kolkata on the National Highway 35, the nearest town and passenger rail head is Bongaon. In terms of the volume of trade that passes through

Petrapole, it is the largest LCS between India and Bangladesh. Several items are traded between the two countries through the Petrapole-Benapole border crossing. The major agricultural commodities that are traded are given in the Table 11.



Petrapole-Benapole Gate (Way Towards Bangladesh)

Table 11: Top Agricultural and Food Items Traded between India and Bangladesh at Petrapole LCS

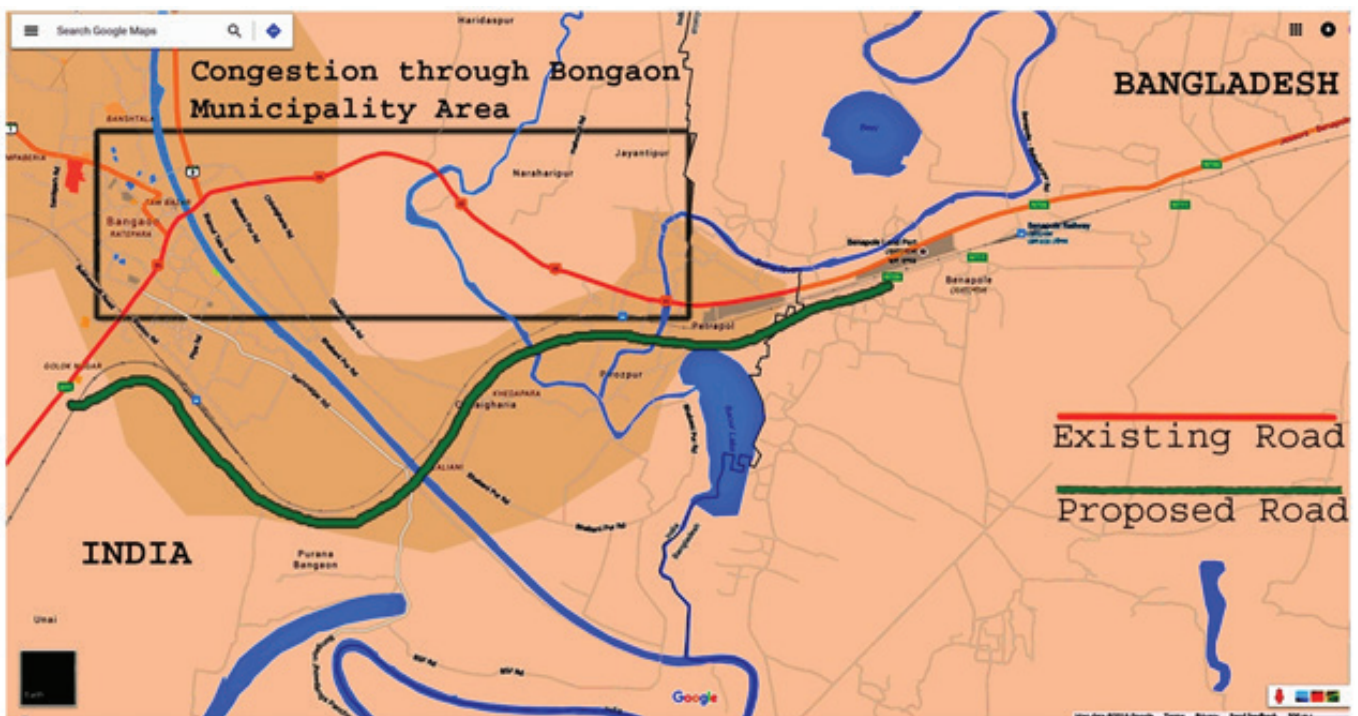
Export		Import	
HS Code	Commodities	HS Code	Commodities
70310	Onion and shallots (fresh or chilled)	30289	Fish fresh
100119	Durum wheat excluding seed	30559	Dried and salted fish
100199	Wheat and meslin	80290	Betel nuts
100590	Maize (corn)	151550	Sesame oil and fractions
100630	Semi/ wholly milled rice w/n polished/ glazed	190540	Rusks toasted bread and other toasted products
230400	Oil cake and other solid residue, Soya bean oil cakes	190590	Other bread, pastry, rice paper and similar products
230690	Oil cake and other residues from oil seed and fruits		

Source: CUTS Survey (2015)

2.9. Infrastructure and other bottlenecks at Petrapole LCS

The necessary infrastructure for border trade such as CWC Parking, offices of PQ and AQ, Customs office, and security services among others are available at Petrapole. But overall performance and service of the agencies is quite low. This is largely due to poor road conditions and congestion (at Jessore

Road), low security of goods at the CWC parking, link failure of EDI systems (internet connectivity), and time span taken for testing and certificates, multi-window and multi- authority documentation, etc. Considering that routes to Petrapole have to pass through the heavily populated and crowded Bongaon municipal area, the trade processes are further delayed. Some of the important hurdles are briefly discussed here.



Alternate route map to Petrapole, Google map



Narrow Roads and Congestion around LCS

- **Congestion at Jessore Road**

Jessore Road is the road that connects Petrapole with Kolkata, the nearest metropolitan city. The road is mostly narrow with several encroachments throughout the stretch. Widening of the road will be a long-drawn procedure since land acquisition is a highly politicised and sensitive issue in West Bengal. The congestion between Bongaon municipal area and Petrapole LCS needs to be addressed for smooth border crossing. Due to concerns of congestion and road safety, movement of trucks through this stretch is restricted, both in terms of time and number.

An alternative route that bypasses the busy and congested Bongaon municipality could be worked out and this might save time. Such routes could include a roadway along the Petrapole rail link - that branches from the main Ranaghat-Bongaon passenger rail link before the lines enter the main municipal area. While the upcoming ICP at Petrapole will have parking space for ample number of trucks, further feasibility studies to explore alternative routes can be carried out immediately.

- **Local Parking**

There is a mutual understanding between Customs and local administration at Bongaon that all the trucks will mandatorily arrive and stay at a parking facility (managed

and run by the Bongaon municipality) and then be allowed to move to the CWC parking facility at Petrapole. Due to this arrangement, trucks are not allowed to pass through the municipal area for most part of the day and remain parked (usually for at least a day) at the municipal parking and later pass through the locality to the Petrapole CWC-managed parking at night.

The Bongaon municipality collects parking charges from all trucks (INR 60 per truck). Surprisingly, the CWC parking does not allow trucks without a parking slip (proof that they have been to the Benaon parking and paid their charges) from the municipality-managed parking facility. The nexus between the municipality and the CWC force traders to pay for parking facility.

- **Security of Goods at Parking**

The CWC parking zone at Petrapole can accommodate 700 trucks. However, the security at the parking zone is very low and theft of goods is a big issue in the CWC parking zone. The parking is managed by private security agencies and these are currently inadequate. Security should be handled by a Central agency like the Central Industrial Security Forces (CISF). However, considering that parking charges are low, security arrangements cannot be beefed up, since this would require raising parking charges substantially.



Private Parking Area near LCS



CWC Parking Area at the LCS

- **Internet Link Failure**

Link failure of EDI system (internet connection) is an important issue at Petrapole LCS. The EDI operation has been outsourced to CMC Ltd. (a Tata enterprise) and it charges a nominal amount for processing documents and uploading them on to the EDI platform. Link failures affect the EDI platform which affects border trade functioning at Petrapole.

- **Testing and Certifications**

Petrapole has both PQ and AQ offices for facilitating export and import of several agricultural (plant and animal) products. However, samples of these products are sent to labs in Kolkata due to lack of testing facilities at the border. Textile products take more time, since they require certificates and tests that are sometimes not even available in Kolkata. In such cases, textile products are sent to other neighbouring states for testing which take considerable amount of time. Similarly, certain food and agricultural product imports require fumigation facilities, which are not presently available at the Petrapole LCS. Agricultural products are therefore sent to the Central Food testing laboratories at Kolkata for fumigation.

This study examined bread, pastry, rice, paper and similar products (HS Code 190590) as import items from Bangladesh to India. The required tests and certificates are not available at Petrapole and Customs sends samples to the Central Food Testing

Laboratories (CFL) in Kolkata for testing. This takes around ten days – from sample collection to receipt of required certificates.

Furthermore, the study also looked at Wheat and Meslin (HS Code 100199) as an export item to Bangladesh from India. These products need a Fumigation Test Certificate; this has to be acquired from another facility since Petrapole does not host such a facility. Lack of such testing facilities at Petrapole create substantive increases in cost and time, reduce the overall competitiveness of exports and dampen the interest of traders.

Since the FSSAI plays a crucial role in trade of food and processed food products, its absence at land ports is an important area of concern for stakeholders. However, traders also fear that the presence of an additional agency such as the FSSAI could make the existing trading process more cumbersome.

2.10. Trade Process (Export and Import)

Other than issues relating to physical infrastructure, there are quite a few hurdles to be overcome in terms of soft infrastructure at the Petrapole-Benapole border crossing. Mundane regulatory procedures and documentation-related work create many hassles in the clearance of consignment at Petrapole ports. The following tables show the number of documents required for both export and import processes and also indicates the time and cost required for each step.

Table 12: Key Documents Required for Export and Import of Agricultural Commodities at Petrapole-Benapole

Import Documents	Export Documents
Invoice Packing List BSTI Certificate Certificate of Origin SAFTA Certificate Car Pass	Invoice Packing List LC Copy Contract Paper (Between Exporter and Importer) Goods Registration (GR) Certificate Tax Invoice Purchase Bill Weighment Certificate PQ Certificate Fumigation Certificate

Source: CUTS Survey (2015)

Table 13: Export Process, Agencies Involved, Time and Cost for Each Step at Petrapole-Benapole

Process	Agencies Involved	Documents Required	Time Involved	Cost Involved (INR)
Goods Registration (GR)	C&F Agent / Customs	Invoice	1 hour	No
Truck Park to CWC Parking zone	C&F Agent	Packing List	½ hour	No
Export Document Upload to EDI System and Bill of Export Generated	Customs	LC Copy	1 hour	INR 70
Risk Management Assessment and Weighment	Customs	Contract Paper (Between Exporter and Importer)	1 hour	No
Goods Verification by Customs and Export Order	Customs	Tax Invoice/ Purchase Bill	3-4 hours	No
PQ Test and clearance Certificate	PQ Department	Weighment Certificate	Up to 24 hours	INR 2/ton
Vehicle Registration	C&F Agent / Customs	PQ Certificate/ Fumigation Certificate	½ hour	No
Documents submitted to BD Customs	C&F Agent	GR Certificate	1 hour	No
Issue Car Pass	BD Customs	Bill of Export		INR 40
Issue of Performa (Newly arrived under File no. 11 (26) 322/PTPL/ Miss Cores/2015/9944)	C&F Agent/ Customs	Car Pass	½ hour	No
Move towards Export	C&F Agent	Export Manifest		
		CWC Parking Challan	10 minutes	INR 78/truck as parking fees
Final Verification by Customs Preventive and Despatch	Customs (Preventive)		10 minutes	No

Source: CUTS Survey (2015)

Table 14: Export Process, Agencies Involved, Time and Cost for Each Step at Petrapole-Benapole

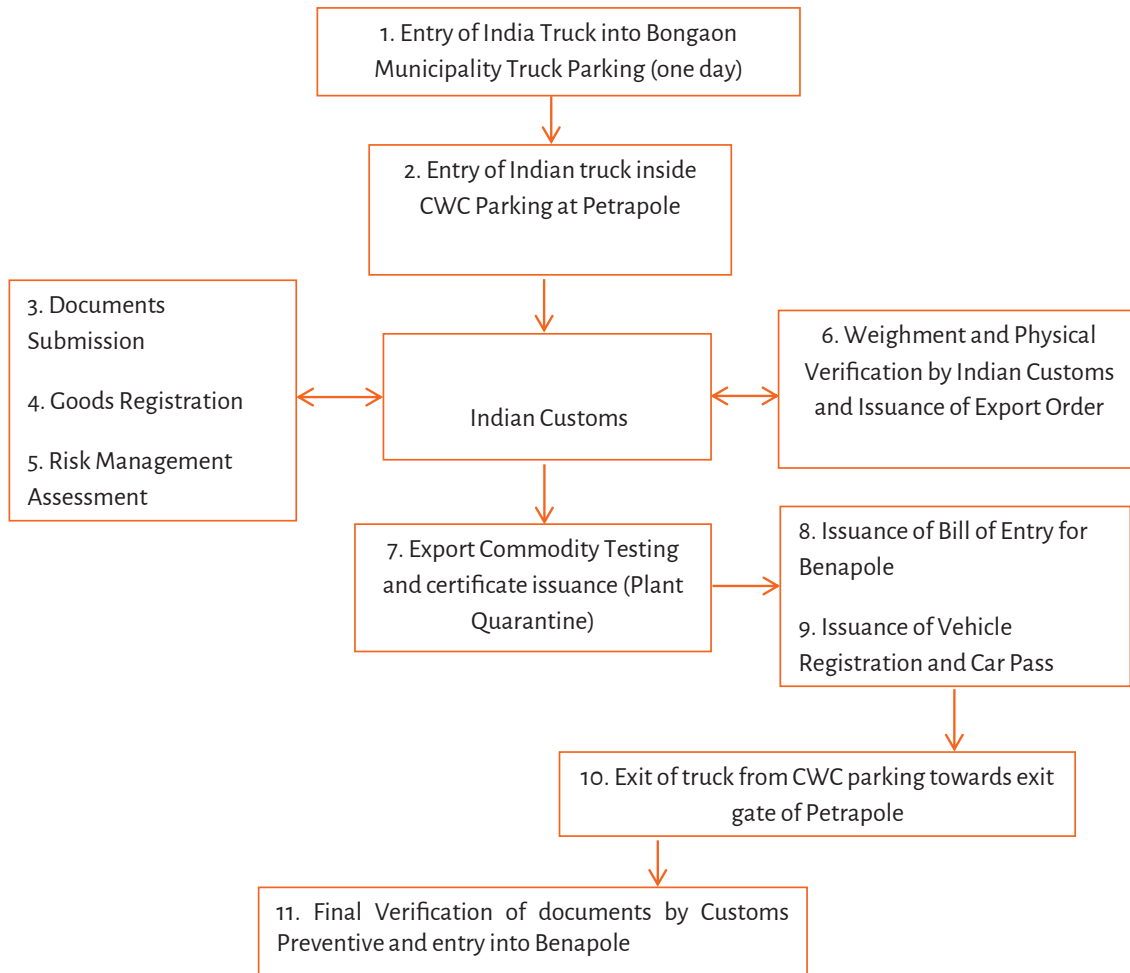
Process	Agencies Involved	Documents Required	Time Involved	Cost Involved (INR)
Import Cargo Entry	BSF	Invoice	½ hour	No
IGM File	C&F Agent	Packing List	½ hour	INR 68
Documents Upload to EDI	C&F/ Customs	BSTI Certificate	2 hours	INR 68
BD Truck park to NML area	C&F Agent	Certificate of Origin	10 minutes	No
Transshipment to Indian Truck	C&F Agent	SAFTA Car Pass	1 hour	INR 800/ton
Indian Truck move towards CWC parking	C&F Agent	Import Report Form (Annexure - B)	10 minutes	INR 78/truck/day
Import Truck release	BSF	Cargo Declaration	10 minutes	No
Weighment & Sample collection	Customs	Bill of Entry	1 hour	No
Send for sample Testing	Customs/ C&F	Customs Order for Import		
Laboratory Fit Certificate	EIA/CFL	Test Memo	Up to 10 days	INR 3000/sample
Despatch	C&F	Laboratory Fit Certificate	½ hour	No

Source: CUTS Survey (2015)

A major cause of high cost of trade in the import and export of food items results from the requirement of testing and certificates by the PQ. For exports specifically, customs verification of documents and issuance of export orders are the most time-consuming processes. Where imports are concerned, testing requirements completely overshadow other procedures, causing delays and high trade costs.

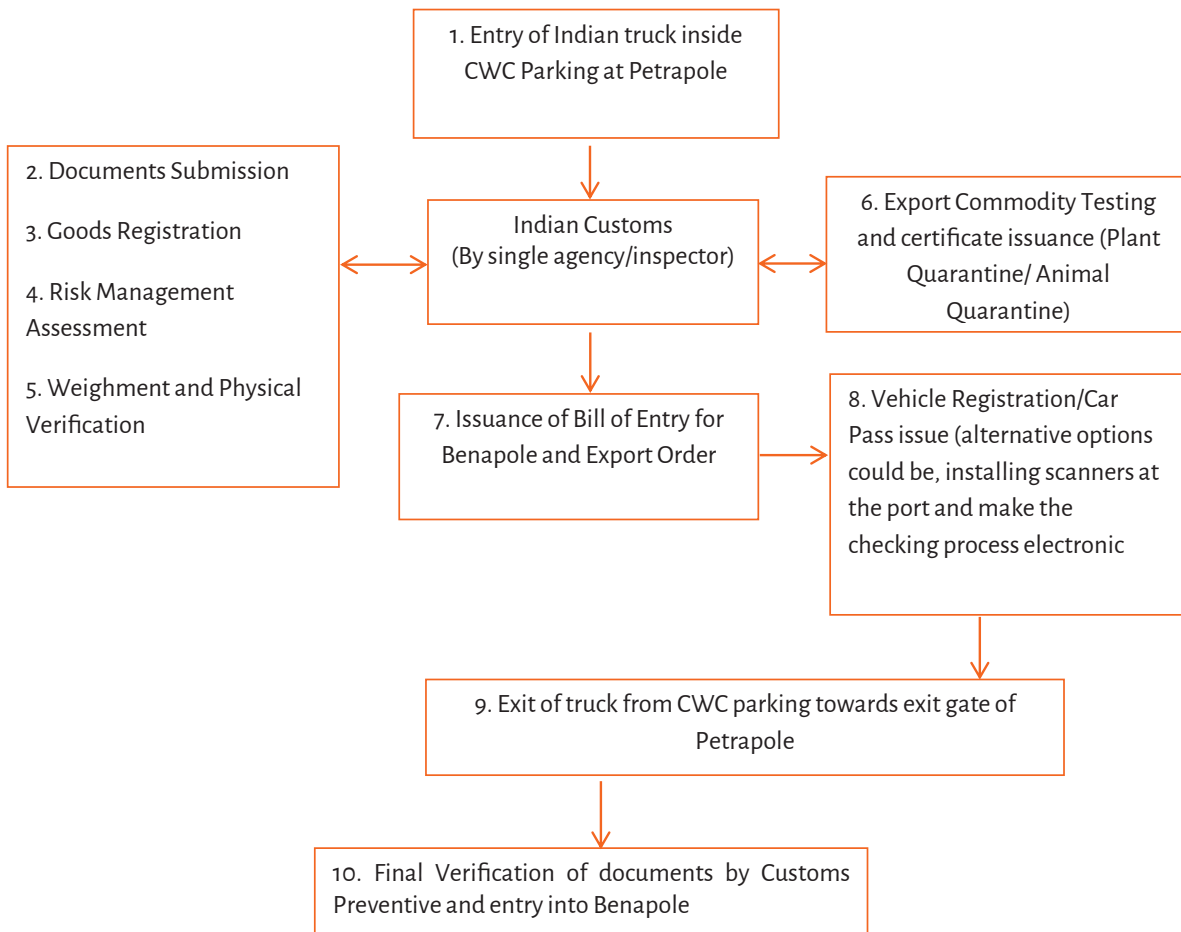
The study also helped to draw up the existing flow of processes for export and import. We also propose a different set of processes to help the mechanism become more efficient and enabling.

Chart 7: Existing Export Process Flow through Petrapole LCS



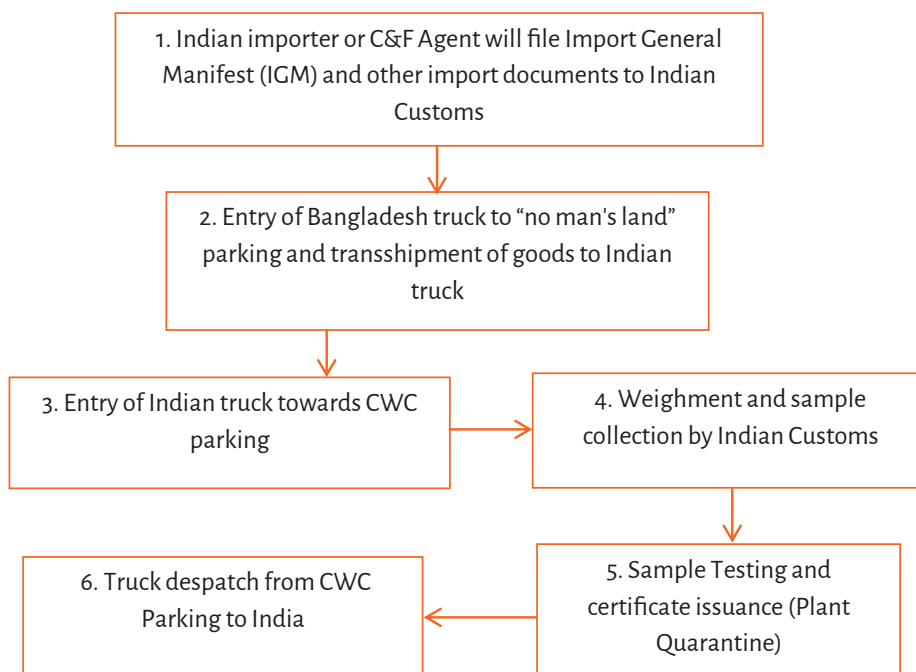
Source: CUTS Survey (2015)

Chart 8: Proposed Export Process Flow through Petrapole LCS



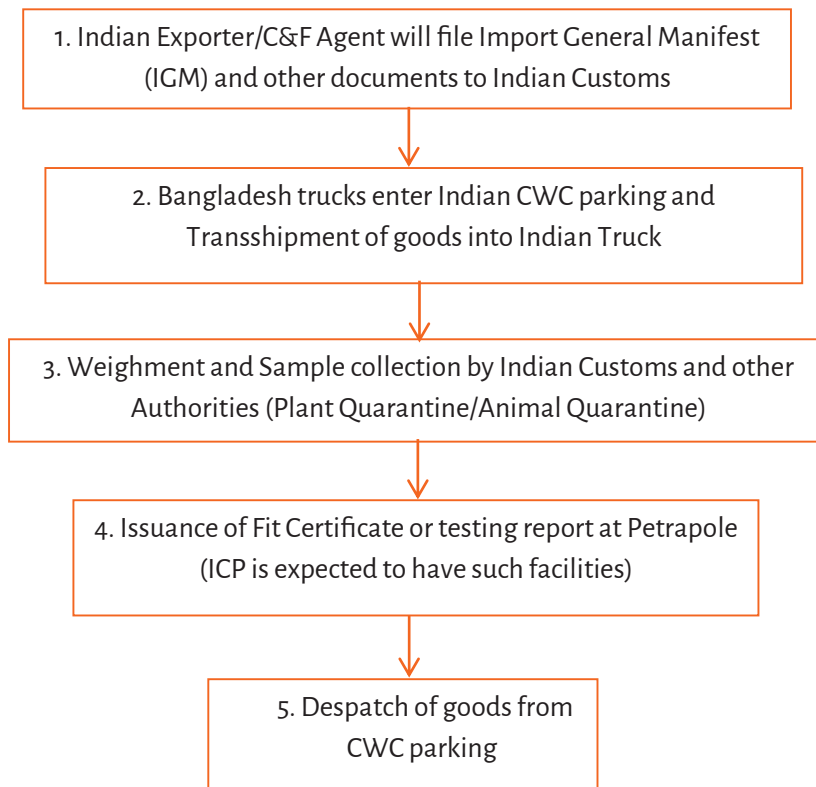
Source: CUTS Survey (2015)

Chart 9: Existing Import Process Flow through Petrapole LCS



Source: CUTS Survey (2015)

Chart 10: Proposed Import Process Flow through Petrapole LCS



Source: CUTS Survey (2015)

2.11. Major Advocacy Points

Inadequate physical infrastructure at the Petrapole port creates major bottlenecks and issues. Some of these issues will be addressed once the Integrated Check Post begins functioning (in early 2016); however, there is considerable room for improving trade between Bangladesh and India.

- **Integrated EDI Enabled Interface**

The PQ, AQ and food safety-related processes require major attention. An integrated interface for Customs, PQ/AQ and FSSAI will help expedite the clearance of consignments. A single window system is a good step in this direction and should be expedited.

- **Harmonisation of Standards between Indian and Bangladesh**

Harmonisation of trade and technical standards through MRAs can eliminate repetitive procedures and practices. A comprehensive MRA at South Asian level under South Asian Regional Standards Organization (SARSO) will address issues related to NTMs.

Government must organize capacity building program for customs officials and staff on rules and regulations (particularly for quarantine and food safety rules and

regulations) to reduce information asymmetry and avoid misinterpretation of orders or policies.

- **Expedite the process of establishing ICP/Land Port at Petrapole.**

2.12. Chennai Export-Import Process, Existing Barriers and Proposed Reform Measures

The Chennai port is situated at the Coromandel Coast in South-East India. The Chennai port caters to the major ports of South and South East Asia. India's key agriculture imports from this port include apples, rubber, pepper of genus, black tea, liquor and cordials, fermented tea, seaweed extract powder, fresh food and fruits, jams, food grains, and chocolates. India's key exports include fish, chilli sauce, sugar, maize, oilseed, rice, juice, refined cane or beet sugar, solids without flavoring and coloring.

2.13. Import Process Assessment

At the Chennai port, the Import General Manifesto (IGM) is submitted by the importer to the Customs Manifest Facilitation Cell. The Customs' assessment and labelling check is conducted before releasing it to the CFS for further examination by PQ, FSSAI, etc. The Shipping Line collects the payment from the

importer or the CHA before issuing the job order; this enables the movement of trucks from port to the designated CFS.

Simultaneously, the Bill of Entry (BoE) is filed by the importer or CHA to Customs through EDI; this comprises of commercial invoice, export inspection agency certificate, packaging list, plant quarantine certificate from the exporting country, certificate of origin for duty concessions made according to the agreement. Filing the bill of entry takes around 30 minutes and is done by the importer or the CHA. Subsequently, this generates an examination order for FSSAI/ PQ clearance that in turn enables the examination and assessment procedures at the designated CFS.

PQ examination is not only a major component in case of plant and plant produced items but is also the most time-consuming process. The process requires a variety of documents including the commercial invoice, packaging list, and the original plant quarantine certificate issued by the exporting country. The PQ request is made online by the importer or the CHA. The commercial invoice, packaging lists, and country of origin certificate are submitted online. However, the PQ certificate issued by the exporting country is to be submitted in original and mostly in person. Payment is made as per the charges corresponding to the consignment size. Once the payment is made, the process of examination and testing begins, and the PQ issues an order to either release, treat, or reject based on

the assessment. The Customs are notified of the same through the importer or the CHA. Based on the input received from PQ, Customs issue 'Custom out of Charge' for further release of the import cargo. In case PQ advises fumigation for the consignment, then the importer or the CHA enlists a recognized private laboratory for fumigation. After fumigation, the cargo is kept in open for 24 hours and stuffing is done thereafter. It takes, on an average, 7-15 days for PQ clearance; the demurrage and other additional charges accumulate.

Around 30 private-run CFS outside Chennai port and around 3-4 warehouses are operated by the Container Corporation of India Ltd. CFS facilities primarily offer storage, handling, and transportation services. It takes around 11-20 days for Customs, PQ or FSSAI clearance of agro, food and processed food items. It takes up to 24 hours for the container to reach from port to CFS itself (the facilities are located in a range of 5-40 km).

There are two types of containers (20 and 40 feet in length). The bond amount or 'notional value' for CFS for 20' and 40' feet is INR 3 lakh and INR 5 lakh respectively. As per the CFS, dwell time for clearance of general cargo is around 12 days. If no further treatment is required, total time for import clearance of agriculture and allied products takes up to 100 working hours. If treatment is required, then the same takes up to 136 hours. Key documents are listed in Table 15.



Chennai Port Import-Export Terminal

Table 15: Key Documents Used at Chennai Port

Import Documents	Export Documents
Import General Manifesto (IGM) Bill of Entry Invoice Packing List Certificates - PQ EIA FSSAI Certificate of Origin (COO) Import License wherever required Delivery Order	Shipping Bill GR Form Invoice Packing List Export License if required ARE (Application for Removal Excise-1) Certificates - PQ FSSAI

Source: CUTS Survey (2015)

Figure 2: Import Flow through Chennai Port

1. Birthing of Vessels

Bill of Lading and Packaging List (Payment to the Shipping Line by Importer or CHA (takes upto 24 hours).

3. Container is destuffed at the CFS for customs officer to begin with examination, in the meanwhile, assesment is done through EDI and duty is paid online. Simultaneously FSSAI, PQ etc. are informed and relevant payment for inspection is made by the importer or CHA (takes upto 12 hours and done online).

5. Upon receiving the NOC and clearing all the payments and demurrage to relevant agencies, the importer or CHA arranges for logistics to send cargo to the bonded warehouse or to the destination (takes up to 24 hours) .

2. Bill of Entry is filed online through EDI and upon verification of the documents, a trailer takes the container out of the port to the prescribed CFS. The trailer is dispatched for bonded CFS in the range of 5 to 40 kilometers on the precondition that the container should reach the CFS within 4 hours. This whole process takes upto 12 hours.

4. FSSAI /PQ Officials are notified the next day after preliminary verification of documents received online. They come to collect samples on the scheduled time and send them for the lab test. If succesful, then a no objection certificate (takes up to 24 hours) is issued, but if fumigation is required then it takes upto 60 hours or even longer. Clarification is demanded on Fridays, no immediate clarification is accepted.

6. Restuffing, parking, handling, storage, labour, logistics etc. Charges paid to CFS and issuance of Gate Pass to make an exit (takes upto 4 hours).

Source: CUTS Survey (2015)

Table 16: Import Process, Agencies Involved, Time and Cost for Each Step at Chennai Port

Procedure	Time (Min/ Days)	Cost (INR)
Arrival of Ship and Loading of Container on Truck at port and transportation charges	45 minutes	25000 per container
Movement of Truck (Port to CFS)	45 minutes	NIL
Unloading of Cargo at CFS	2-3 hours	Refer to Table 2
Filing of Bill of Entry through EDI	3.58 minutes	NA
Assessment of the Consignment	24 hours	As per the tariff schedule
Examination and Payment of Duty	1-2 days	As per the tariff schedule and the quantity of the consignment
Inspection and fee charge by FSSAI and Plant Quarantine ²⁰	15 days	3400 per sample (FSSAI)
Customs Out of Charge	1 day	NIL
Loading of Cargo and Gate Pass by CFS	2-3 hours	Refer to Table 2

Source: CUTS Survey (2015)

Table 17: Summary of Charges Taken by Container Freight Station (CFS) for The Imported General Cargo at Chennai Port

Description/Activity	Rate/20 ft Container (INR)	Rate/40' Container (INR)
Transport of Laden Container from Chennai terminals to CFS, Lift off laden, Inspection, Lift of Laden	6550	8300
Destuffing		
Transport of Laden Container from Chennai terminals to CFS, Lift off laden, Inspection, destuffing, lift of empty	7550	9850
Laden Container Storages Charges		
First 3 Day	Free	Free
4th to 7th Per Day	250	500
8th to 10th Per Day	500	1000
11th to 15th Per Day	800	1600
16th to 30th Per Day	1000	2000
31st onwards Per Day	1200	2400
Other Charges		
Transportation Charges extra per Container ²¹		25000
Customs Preventive Escort Charge per container		5000

Source: CUTS Survey (2015)

2.14. Export Process Assessment

For exports, a list of documents including Commercial List, Packaging List, Certificate of Origin, Export Inspection Agency Certificate and PQ Certificate are issued in India. These are submitted through EDI and the cargo is further sent to the notified CFS where customs duty assessment takes place. PQ/ FSSAI, AQ etc. conduct tests and a certificate is issued once the charges are paid. Customs examination is closed after the FSSAI, AQ, and PQ preventive testing. If fumigation is required, then a process similar to that of import fumigation will be followed.

The time taken for Customs Assessment, PQ certification, and Customs examination is similar to that of imports, and dwell time (as of September 2015) in shipment of export cargo is around 7 days. Charges are comparatively lower in case of exports of agro, food and processed food items (Refer Table 18 and Table 19).

Finally, the Bill of Loading is issued by the shipping liner and once the vessel is docked at the destination port, and the importer is informed through email by the liner.

Table 18: Export Process, Agencies Involved, Time and Cost for Each Step at Chennai Port

Procedure	Time (Min/ Days)	Cost (INR)
Arrival of laden Truck and Unloading of Cargo at CFS	2-3 hours	Refer to Table 17
Preparation and submission of Shipping bill and other documents Assessment and Examination by Customs	1-2 days	NIL
Inspection and Fee Charges by FSSAI and Plant Quarantine ²²	1-2 days	NA for FSSAI, Less than 1.5 cu. Rs 1, Fumigation or Disinfection charges Rs 6
Let Export Order	NA	NIL
Loading of Cargo, Gate Pass, Departure of Truck to Port	2-3 hour	Refer to Table 17

Source: CUTS Survey (2015)

Table 19: Summary of Charges Taken by Container Freight Station (CFS) for Export General Cargo at Chennai Port

Description/Activity	Rate/20' Container (INR)	Rate/40' Container (INR)
On Wheel Stuffing		
▶ Manual	3,000	4,000
▶ Mechanical (Crane if any used will charges extra)	3,500	4,500
Ground Stuffing		
Unloaded from Truck, stacking at warehouse/open yard, stuffing into the container		
▶ Manual	3,500	5,000
▶ Mechanical (Crane if any used will charges extra)	4,000	5,700
Energy surcharge per container	300	600
Weighment Charges per container		150
Storage Charges		
▶ First three day (Inclusive of Day of Arrival)	Free	Free
▶ 4th to 10th Day	250	500
▶ 11th Day onwards	350	700

Source: SICAL Multimodal and Rail Transport Ltd, Chennai

2.15. Key Stakeholders' Concerns

High traffic congestion at the Chennai port delays the port-bound entry and exit of import and export cargo. During the monsoon, waterlogging becomes a huge issue, and the approach road to the port becomes severely congested.

Importers have shared that FSSAI plays a restrictive approach in the process of issuing no-objection certificates for the clearance of food and processed food products. There are guidelines of timeframe prepared by FSSAI for the whole process of issuing of No-Objection certificate but importers find it very

composition of ingredients on Sri Lankan imports (in case of sausages and ginger beer). Traders are reluctant to share precise information on the composition of ingredients, since this would give away the trade secrets. Where consignments do not fulfil the FSSAI labelling requirements, they are rejected and not sent for SPS or other clearances.

Lack of transparency and inappropriate sampling method (quantity of sample size is not usually determined) are some problems that affect food imports from Sri Lanka. Other issues include port delays due to procedural barriers, lack of clarity and



Chennai Port Export and Import Entry

difficult to comply in most cases as it requires strong coordination with private laboratories and other agencies. Given this scenario, if a consignment is put on hold for clearance purpose, it may take several days, and at times more than a month, before it is finally cleared. This deters importers since demurrage charges continue to accrue.

In most cases, the importing community adheres to the information sharing requirement to comply with the FSSAI's standards, such as mentioning nutritional information on packaged and processed food items. The FSSAI regulations²³ makes it mandatory for traders to mention the specific

transparency, and labour unionism increase the intermediate cost of imports of food products from Sri Lanka into India.

Sri Lankan imports of sugar from India is declining as sugar prices remain uncompetitive, discouraging exports of Indian sugar to Sri Lanka. Sri Lanka has therefore resorted to import its sugar from places like Dubai, Pakistan, and Australia. This is primarily due to the high cost of internal transport and logistics in Chennai coupled with varying state taxes.

2.16. Major Advocacy Points

- **Quota restriction on the Import of Pepper and Tea/ Flavoured Tea from Sri Lanka**

Traders oppose the ongoing quota imposition on pepper, tea and flavoured tea imports from Sri Lanka under the India-Sri Lanka Free Trade Agreement. The quota has dissuaded Sri Lankan exporters. Suppliers in Sri Lanka prefer to explore alternative markets for the sale of their spices (pepper in particular). Similarly, once flavored tea imports reach the port, it is sent off for testing at Cochin in Kerala. Until the certificate reaches Chennai, Indian importers are wary of multiplication of demurrage charges which ultimately disincentivize importing Sri Lankan tea. Both countries must undertake a comprehensive review of existing trade agreement to address issues related to quota and labelling.

- **Absence of Mutual Recognition Agreements (MRAs)**

Absence of MRAs between India and Sri Lanka create issues with labelling and technical standards. Under the existing trade agreement, India and Sri Lanka can sign an MRA which would contribute to harmonisation of labelling and technical standards. This would boost bilateral trade flows in agriculture products between the two countries.

- **Concerns related to Sampling Technique**

FSSAI designated analysts collect samples at the Chennai port on Friday and send it for the lab tests. If tests are successful, a no objection certificate (NOC) (takes up to 24 hours) is issued. However, FSSAI- Chennai does not accept clarifications immediately and asks importers to submit that Fridays. Such practices delay clearance of consignments and importers are exposed to more demurrage charges.

- **Capacity Building Programme for Officials of Regulatory Agencies**

Low levels of knowledge about trade procedures and regulatory requirements has emerged as a key area of concern. As a matter of fact, officials such as Public Relations officers and other relevant port authorities are unaware of Customs' notifications and often ask the importer to share copies, or request the importer to clarify with the CHA. A scheduled inter-agency orientation on clearance related processes and guidelines could be initiated to address the issue of information asymmetry. Custom Clearance Facilitation Committee (CCFC) can help ensure inter-departmental clarity.

- **Ineffective Redressal System**

The existing redressal system at FSSAI is ineffective and it does not work smoothly. There are many issues related to testing of food products that redressal system can help resolve. Helping track status of lab tests and no objection certificates through the system will help importers.

2.17. The Jawaharlal Nehru Port Trust (JNPT), Mumbai Export-Import Process, Existing Barriers and Proposed Reform Measures

The Jawaharlal Nehru Port Trust (JNPT) is an important sea port in India as it accounts for around 70 percent of India's international trade. It has witnessed tremendous growth in the realm of container trade in India; at present 60 percent of total container cargo in India moves through the JNPT port. The JNPT port is relatively advanced and well equipped with modern infrastructure as compared to other public ports of India. Furthermore, India imports a significant amount of food products through JNPT. Its key imports include edible oil, olive oil, chocolate and other food preparation containing cocoa, dry fruits, liquor, apples, canola oil and whiskies. India's exports include basmati rice, cashew nuts without shell, fresh or dried, frozen food and dairy products.

2.18. Assessment of the Import Process at JNPT Port, Mumbai

The JNPT is the first port of India where Customs has a common user interface with FSSAI and PQ. The Integrated Cargo System 1.5 (ICS 1.5) is an online system and acts as common interface among customs, PQ and FSSAI.

In the clearance of Full Container Load (FCL) and Less Container Load (LCL) cargo, it takes a total of 15-30 days. FCL cargo is cleared faster in comparison to LCL cargo, because FCL cargo normally involves a single importer, while LCL cargo comprises several importers receiving goods through a 20-foot or 40-foot container (as of June 2015, there are 31 CFSs in Mumbai). Once the container is cleared at the port, it reaches the CFS within the specified time for further clearance. Most CFSs have in place a dynamic pricing model to determine the cost of parking, storage, handling and shipment that varies across CFSs.



Stuffing of Outbound Truck at a CFS in Mumbai



Road Condition Outside JNPT Port

Furthermore, the longest time taken is for FSSAI and/or PQ clearance which take between 8 to 16 days (subject to the nature of the commodity and the subsequent examination and treatment requirements). It takes at least 7 days to conduct a micro-biological test and to manually collect the No Objection Certificate (NOC) from PQ.

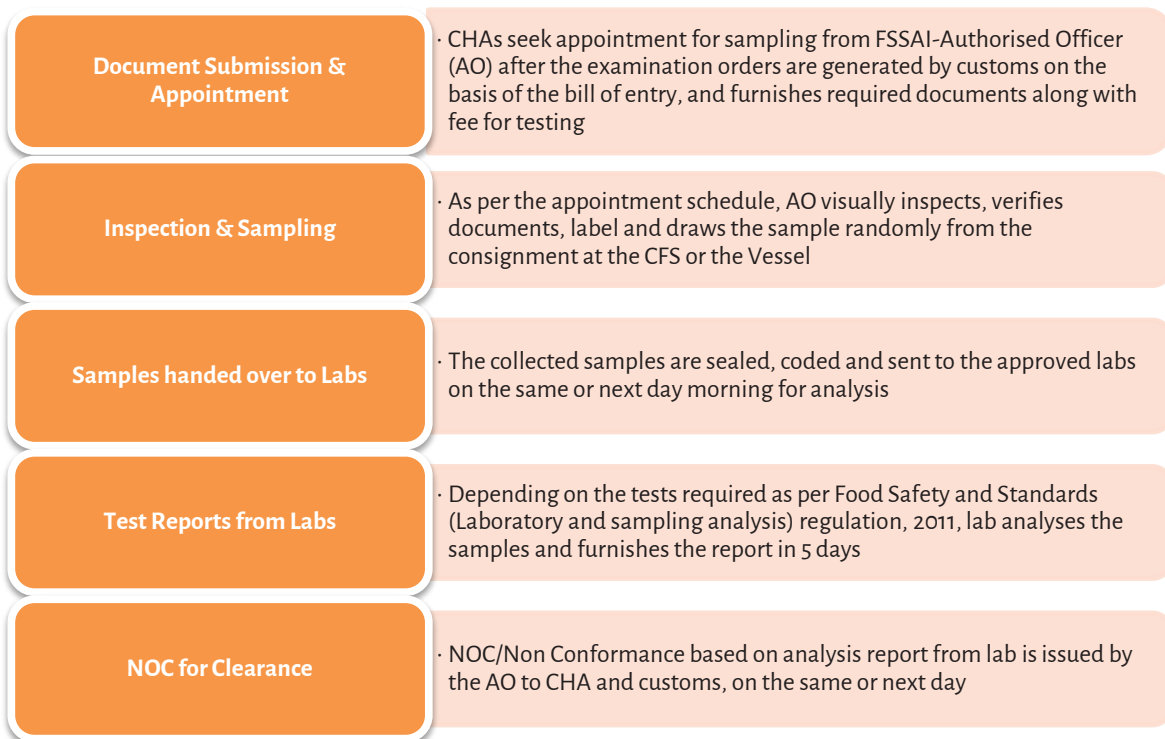
Unlike the Customs, there is no Risk Management System (RMS) for testing. Therefore, each consignment of agriculture, food and processed food items must undergo testing clearance despite importers' track record of clean transactions. Following is the standard FSSAI Food Import Clearance Process applicable for Indian ports including JNPT.

Once the documents are submitted, they are usually scrutinized on the same day. FSSAI requires online submission of the Bill of

Entry, Examination Order, End Usage Declaration, FSSAI License, Import License issued by the Director General of Foreign Trade (DGFT) and Country of Origin Certificate. If all the documents are deemed acceptable, then it takes about 16 days for FSSAI clearance in the Mumbai port. This is shown in the table 20.

According to table 21, which reflects time and productivity assessment of FSSAI at JNPT port for the period of 2010-11 to 2015-16, its total number of working days were 1386 days and the number of samples collected by the authority were 172,515. Of the total sample size, "no objection certificates" were issued to 169,625 samples where 902 samples were non-confirmed. The average number of 124 samples are received by FSSAI everyday.

Chart 11: FSSAI Food Import Clearance Process



Source: Inputs received from regional office of FSSAI, Mumbai

Table 20: Procedure and Time Involved in the Inspection of Imported Food Products at FSSAI, Mumbai

Procedure	Time (Min/ Hour/ Days)
Bill of Entry Generation to CHA Application	5.7 days
Application Scrutiny Time	1.3 days
Time Taken by FBO for Payment	1.4 days
Time Taken by CHA acknowledgement	1.6 days
Time Taken for Sampling (Includes CHA Acknowledgement)	0.15 day
Lab Analysis Time	4.8 days
Time Lapse from report receipt from lab to issue of NOC (includes Laboratory Delay due to incomplete report)	0.5 day
Total Time Taken by FASSAI to Issue NOC to Customs (includes CHA delay)	15.45 days

Source: Data Gathered from FSSAI Office, Mumbai, 2015

Table 21: Time and Productivity Assessment of FSSAI at JNPT Port (from 2010-11 to 2015-16)

FY11 to 30 September 15 of FY 16	
No. of Working Days	1386
No. of Samples Collected	172515
No. of NOC Issued	169625
No. of Non confirmation	902

Source: Data Gathered from FSSAI Office, Mumbai, 2015

Table 22: Import Process, Agencies Involved, Time and Cost for Each Step at JNPT Port

Procedure	Time (Min/ Days)	Cost (INR)
Arrival of Ship and Loading of Container on Truck at port and transportation charges	3- 4 hours	Refer to 24
Unloading of Cargo at CFS	2-3 hours	http://www.allcargologistics.com/uploadedfiles/downloads/cfs_jnpt-tariff.pdf
Filing of Bill of Entry through EDI	3.06 hours ²⁵	As per customs tarrif
Filing to Assessment of Bill of Entry	1.56 hours	NA
Assessment and Payment of Duty	2.77 hours	
Payment to Registration of Bill of Entry	1.62 hours	
Assessment to Registration of Bill of Entry	4.37 hours	As per As per customs tarrif schedule , 2014-2015
Customs Out of Charge	1.10 hours	
Sampling, Inspection and fee charge by FSSAI	15.45 days	3400 per sample (FSSAI)
Customs Out of Charge	1 day	NIL
Loading of Cargo and Gate Pass by CFS	2-3 hours	Refer to Annexure

Source: Primary Data, CUTS Survey (2015)

Table 23: Export Process, Agencies Involved, Time and Cost for Each Step at JNPT Port

Procedure	Time (Min/ Days)	Cost (INR)
Arrival of laden Truck and Unloading of Cargo at CFS	2-3 hours	Refer to Annexure
Preparation and submission of Shipping bill and other documents through EDI	1-2 hours	NA
Assessment of the consignment by Customs	2-3 hours	NA
Examination by Customs	1-2 days	NA
Inspection and Fee Charges by FSSAI	1-2 days	NA
Let Export Order	1 hour	NIL
Loading of Cargo, Gate Pass, Departure of Truck to Port	2-3 hours	Refer to Annexure

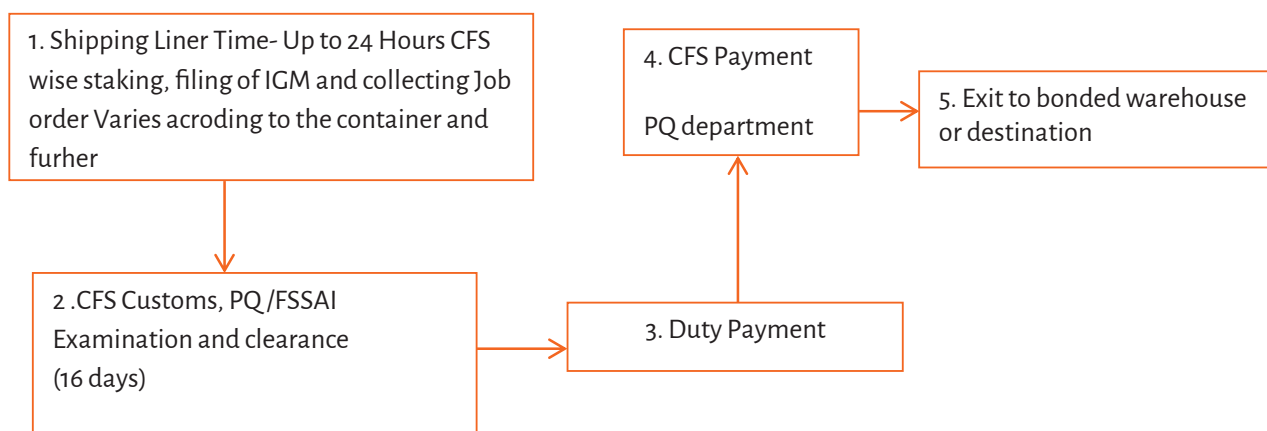
Source: CUTS Survey (2015)

Table 24: Key Documents Used at Mumbai Port

Import Documents	Export Documents
Import General Manifesto (IGM) Bill of Entry Invoice Packing List Plant Quarantine Certificate / Export Inspection Agency Certificate/ FSSAI Certificate Certificate of Origin (COO) Import License wherever required Delivery Order	Shipping Bill GR Form Invoice Packing List Export License if required ARE(Application for Removal Excise-1) Plant Quarantine Certificate/FSSAI Certificate

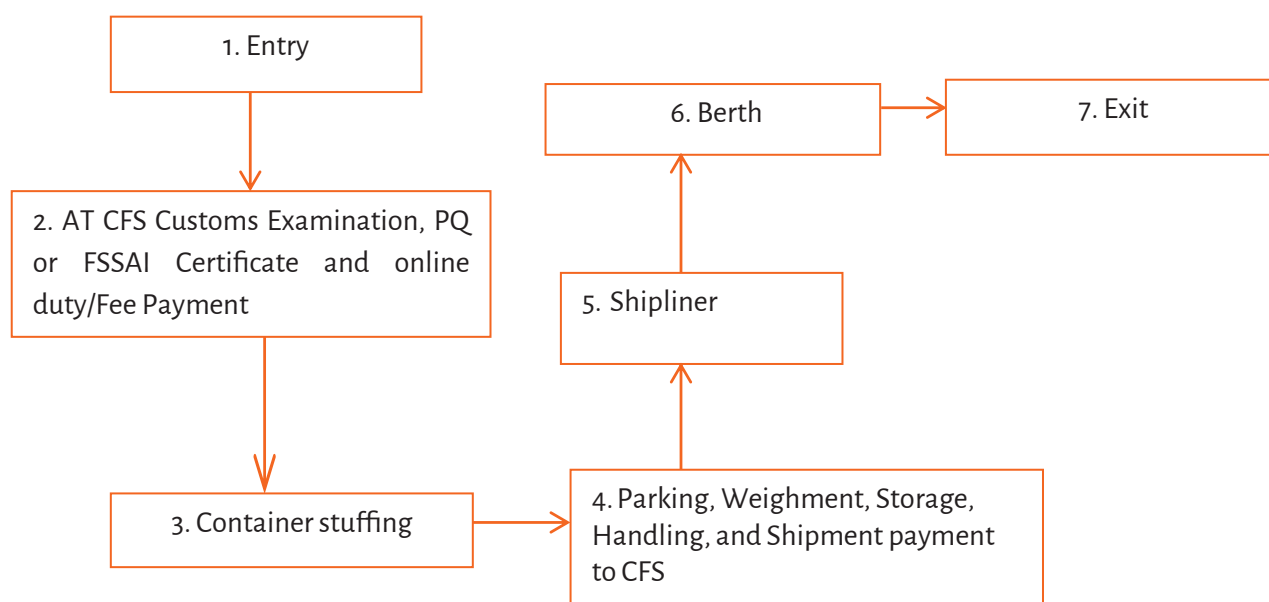
Source: CUTS Survey (2015)

Chart 12: Import Flow at JNPT Port Mumbai



Source: CUTS Survey (2015)

Chart 13: Export Flow through JNPT, Mumbai



Source: CUTS Survey (2015)

The overall average time taken for granting of 'out of charge' by Customs from the date of entry (for the month of September 2015) is 9.68 days for all types of consignments. At the ports in Chennai and Mumbai, Customs examination is undertaken on the basis of assessment by RMS.²⁶ Customs has been identified as a nodal agency for Customs Clearance Facilitation Committee (CCFC), and has been proactive in streamlining its processes. It has also brought in transparency and speed in its service delivery and has set up an institutional dialogue mechanism among various agencies at the two major ports of JNPT in Mumbai and in Chennai.

FSSAI and PQ take a considerable length of time to grant clearances for food and beverages items. Keeping in mind the involvement of multiple agencies, it can take between 16 days to 30 days or more (in case of fumigation is required) to get the imports cleared at the JNPT Port. So far, there is no specified timeframe for the entire process and as has been the case at other ports, no single standard operating procedure (SOP) exists. Export clearance is easier and quicker, and it takes between 2 to 5 days.

- **Ease of Doing Business Activities at the JNPT Port**

As a part of the Make in India initiative, the Government of India has encouraged "Ease of Doing Business" initiatives. The Indian government has made significant changes in the new Foreign Trade Policy 2015. The new policy has introduced a chapter on "Trade Facilitation and Ease of Doing Business" to reduce transaction costs and time to make India's trade globally competitive. As a result, some significant initiatives have also been taken at the JNPT port in order to expedite

the inter-terminal port functions. The following steps have been undertaken: eliminate the manual submission requirement of Form-13 for obtaining the gate pass for export containers, allow the inter-terminal movement of tractor trailers to reduce the congestion, and optimise clearance processes. The following initiatives could also increase efficiency of the JNPT port.

2.19. Major Advocacy Points

- **Increased Time Slot for Inspection by FSSAI**

As soon as the Bill of Entry is filed, a request is made online to FSSAI for inspection of consignment. The user receives an electronic appointment slot for physical inspection of the consignment within one working day. As of now, the regional FSSAI division has enabled a single morning slot per day. However, this could be expanded to two appointments per day.

- **Product-wise Classification by DGFT and CBEC at the 8-digit Level**

At present, Custom refers cases to inspection agencies on the basis of tariff lines and HS Code under Chapters 1-23 of ITC HS classification. Many agricultural and allied commodities, which come under the purview of Plant Quarantine, are referred to FSSAI and also otherwise. Introduction of product-based classification at the 8 digit level will reduce ambiguity and help clearance processes become more efficient.

- **Introduction of Risk Management System for Testing**

A RMS for testing that is similar to RMS for customs examination can be calibrated for agencies. As per the current practice, every consignment falls under either full or 25 percent inspection requirement after being transported to the prescribed container freight station from the JNPT port. A testing RMS will help exercise random sampling and facilitate selective testing on the basis of previous transactions carried out by the importer.

- **CFS / Cluster Wise Deputation of Regulatory Agencies Officials**

At the Chennai and Mumbai ports, FSSAI, PQ and AQ are first requested separately and then called for inspection at the cost of importer or CHA. For example, transportation to ferry FSSAI and PQ officials for inspection purposes is usually arranged by the consignee. Besides entailing a high cost, this encourages favouritism in proportion to the treatment given by the consignee to the respective officer. While this may not be a problem for Full Cargo Load (FCL) importers, however Less Cargo Load (LCL) importers find that the involved cost reduces the cost competitiveness of the imported items.

A CFS that accommodates all the regulatory agencies can be arranged; this will enable in-house examination and sampling at one place. Apart from relying on private laboratories, FSSAI/PQ can also develop testing and certification facilities to serve a cluster of CFSs at the port.

- **Periodical publication of Standards, their harmonisation and Minimum Criteria Requirement**

The FSSAI's stringent labeling requirements for food products and beverages require importers to mention specific ingredients, which is often not possible. In the event that consignments and product labelling are slightly off the mark, i.e. consignment does not meet labelling standards, it is rejected and not sent for further tests.

Food Safety and Standards (Packing and Labelling) Regulation, 2011 and subsequent advisories require importers to enlist the ingredients on the original label of the product in descending order of their composition by weight or volume and in some instances take 'recipe by recipe clearance'. Global manufacturers and their importers object to this requirement, arguing that it akin to revealing their 'manufacturing proprietary rights'. Agro-food and beverages consignments such as chocolates and alcoholic beverages are put on hold if they fail to comply

with labelling requirements, the products are not sent for further tests. Any deviation from the prescribed labelling guidelines means consignments are rejected, even if they can clear the laboratory tests. Use of stickers to address deviations is not allowed. Labels cannot be changed at the port and the food and beverage consignments are strictly subject to rejection. Considering this is a national requirement applicable all over India, other ports also receive the same treatment.

FSSAI should come up with Common Minimum Requirement (CMR) criteria of labelling and packaging standards. This should be in line with the Codex standards—these are globally accepted standards for agriculture, food and processed food items.

2.20. Panitanki–Kakarbhitta LCS Export-Import Process, Existing Barriers and Proposed Reform Measures

The Panitanki LCS was established in 1978 for the purpose of bilateral trade and transit between India and Nepal. It is located on the Indo-Nepal border along NH-31C about 18 km south of Bagdogra and falls under Khoribari Police Station in the Siliguri Sub-Division of Darjeeling district. This route connects India and Nepal by a 583-metre long "Indo-Nepal Maitri Bridge" on the Mechi River.

In the recent past, the Panitanki LCS has also received immense attention as the Asian Development Bank (ADB) undertook projects to upgrade the essential infrastructure to boost connectivity between India and Nepal. Given its unique geographical position (it is surrounded by four countries: Nepal, Bhutan, Bangladesh and China), the Panitanki LCS has immense potential for trade and transit and can develop as a regional trade hub.

2.21. Trade Background of India Nepal Trade through Panitanki-Kakarbhitta LCS

Panitanki (Siliguri, West Bengal) is a highly potential LCS between India and Nepal for international trade. It is located in North Bengal, approximately 30 km from Siliguri (gateway to North East India). The nearest railway station is New Jalpaiguri (NJP). It is one of the largest LCSs between India and Nepal. As per Customs record the goods traffic through this LCS is approximately 200 trucks per day. Under the current FTA between India and Nepal, several items are traded between the two countries through the Panitanki- Kakarbhitta border crossing.

The major agricultural commodities that are traded are given in Table 25.



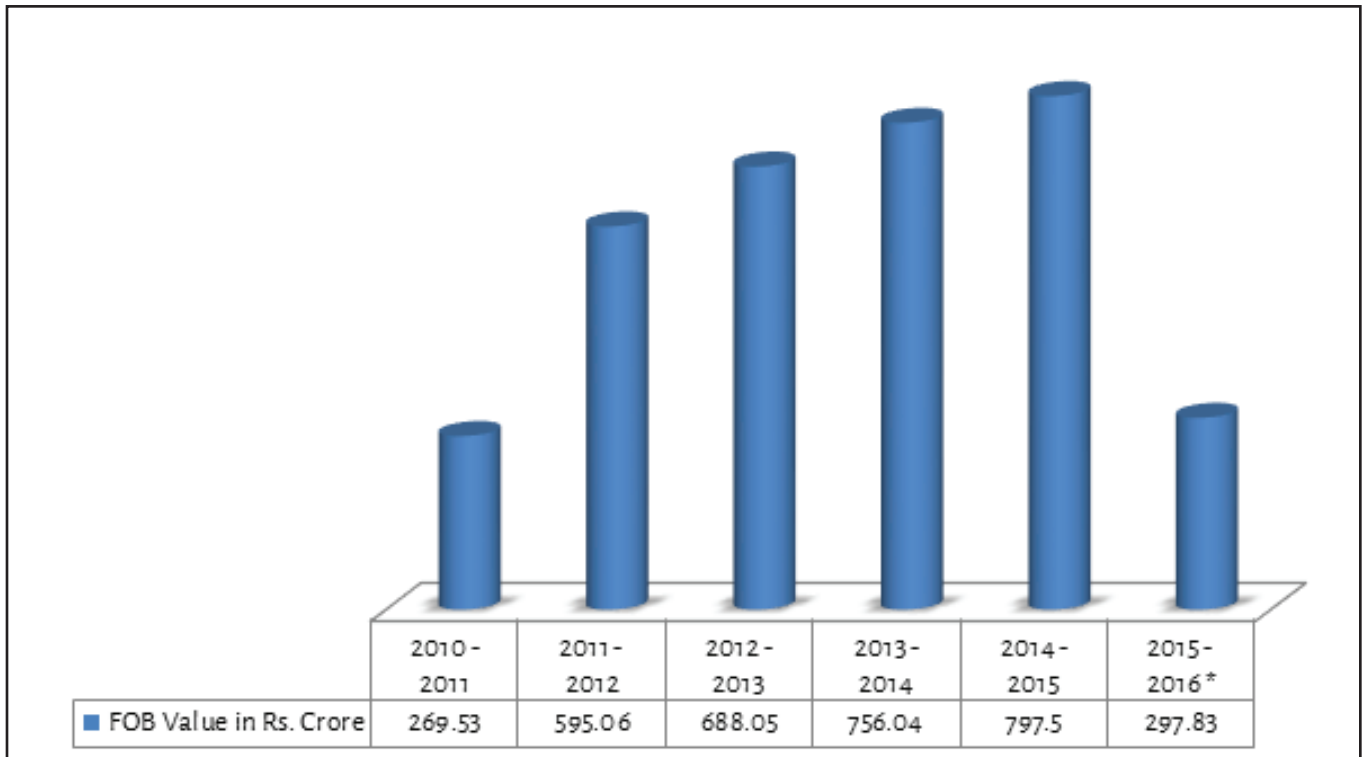
Mechi Bridge Towards Kakarbhitta, Nepal



Infrastructure on the other side of the border at Kakarbhitta, Nepal

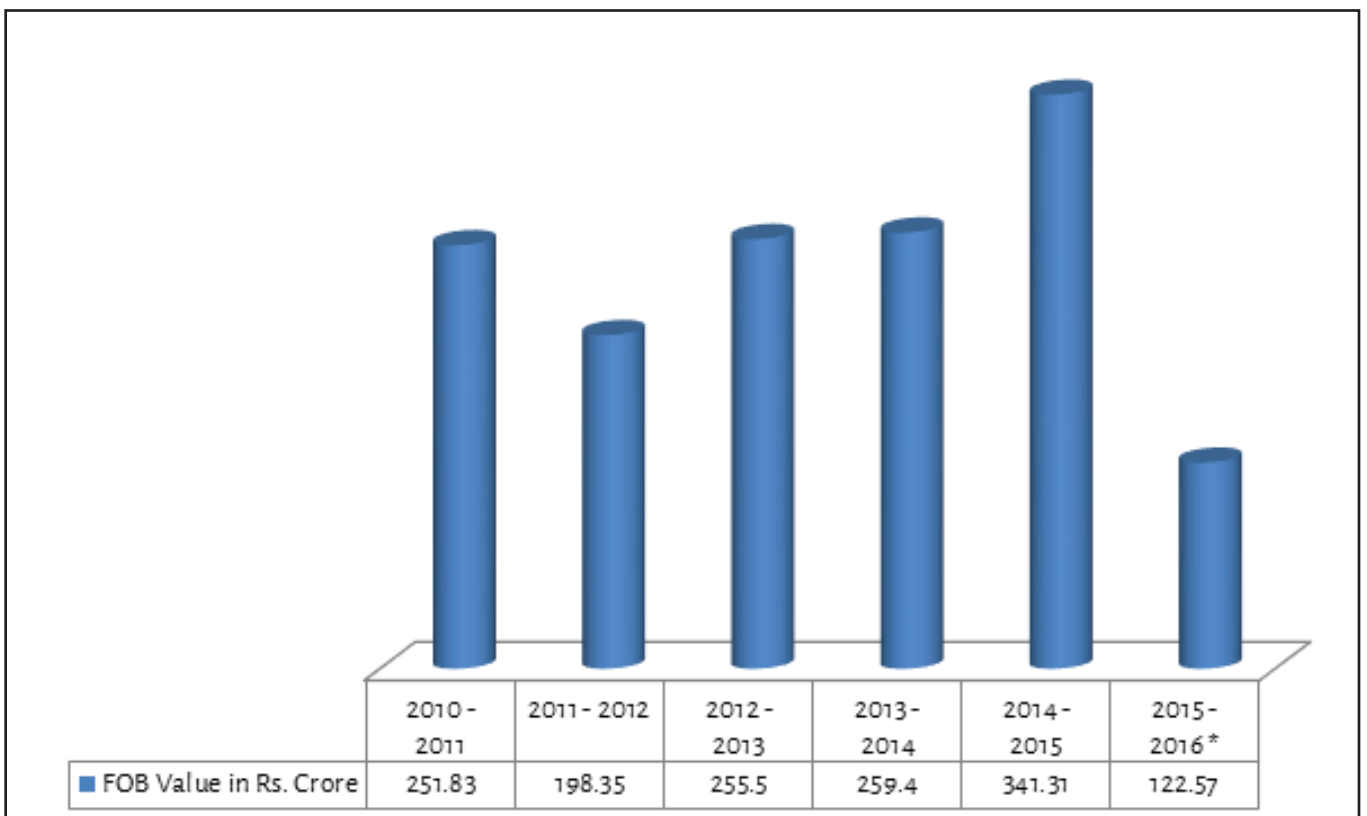
Figure 3: Overall Trade Performance Between India- Nepal through Panitanki - Kakarbhitta LCS in Last Five Years

Export fom India



Source: Panitanki Customs, 2015

Import fom Nepal



Source: Panitanki Customs, 2015

Table 25: Top Agricultural and Food Items Traded Between India and Nepal

Export		Import	
HS Code	Commodities	HS Code	Commodities
0701	Potato (Fresh or Chilled)	0902	Frozen Fish
0709	Other Vegetable(Fresh or Chilled)	0910	Fresh Ginger
100820	Millet	0704	Fresh Cabbage

Source: CUTS Survey (2015)

2.22. Panitanki–Kakarbhitta LCS and Infrastructural bottlenecks

Good infrastructure in LCSs facilitates and boosts trade. But at the Panitanki LCS, trade is conducted by traditional processes. There is no modern trade support infrastructure such as CWC parking, food testing lab, truck terminal, weighment bridge, cold storage, etc.

The PQ, Customs office are small in size and security services (provided by India's Seema Suraksha Bal) are available at the LCS, but the overall performance and service is quite low owing to lack of capacity, adequate personnel, coordination and cooperation between various agencies and outdated infrastructure.

Low security of goods, lengthy time for testing and certificates, multi-window and multi-authority documentation, lack of

weighbridge, non-availability of export benefit schemes, etc., are the main hurdles in this LCS. The study found that Seema Suraksha Bal is the only security agency available for India- Nepal border security and it has to handle cross-border trade as well. Security of goods and trucks are a major problem as no CWC parking exists in Panitanki. Trucks are stationed on NH-31C.

In Panitanki, there is a small office of PQ for export- import of all kinds of agricultural (plant and animal) products. However, like Petrapole, most tests are performed in Kolkata due to lack of testing facilities at the border.

Table 26 and 27 illustrate the key documents required for both export and import processes and also indicate the time and cost required for each step.



Truck detained on the way from Siliguri to Panitanki on NH 31 C

Table 26: Key Documents Required for Export and Import of Agricultural Commodities at Panitanki- Kakarbhitta LCS

Import Documents	Export Documents
Invoice Packing List Certificate of Origin Bill of Entry Weighment Certificate	Invoice Packing List LC Copy GR Certificate Tax Invoice Purchase Bill Weighment Certificate PQ Certificate Bill of Export ARE - I (Application for Removal of Excise duty) if applicable

Source: CUTS Survey (2015)

Table 27: Export Process, Agencies Involved, Time and Cost for Each Step at Panitanki-Kakarbhitta LCS

Process	Documents Involved	Responsibilities	Time	Cost (INR)
Weighment of Export Truck	NA	Exporter/C&F Agent	NA	INR 70/ truck (approx.)
Get PQ certificate	Invoice Packing List Bill of Entry Certificate of Origin Weighment Certificate	PQ department	1 hour	INR 172/ 10 ton
Filling all export documents to Customs	Packing List Invoice Bill of Export Weighment Certificate ARE I (If applicable) PQ Certificate	Exporter/C&F Agent	10 minutes	NA
Examination of all documents	Same as above	Customs Inspector	10 minutes	NA
Assessment of Bill of Export and issue Physical Verification order	Same as above	Customs Superintendent	10 minutes	NA
Physical Verification of Export goods and report	Packing List Invoice Weighment Certificate	Customs Inspector	10 minutes	NA
Issue of LET Export order	Packing List Invoice Bill of Export Weighment Certificate ARE I (If applicable) PQ Certificate	Customs Superintendent	10 minutes	NA
Final Document verification and clearance of export Truck towards export	Packing List Invoice Bill of Export Weighment Certificate ARE I (If applicable) PQ Certificate LET Export Order	Customs Inspector	10 minutes	NA

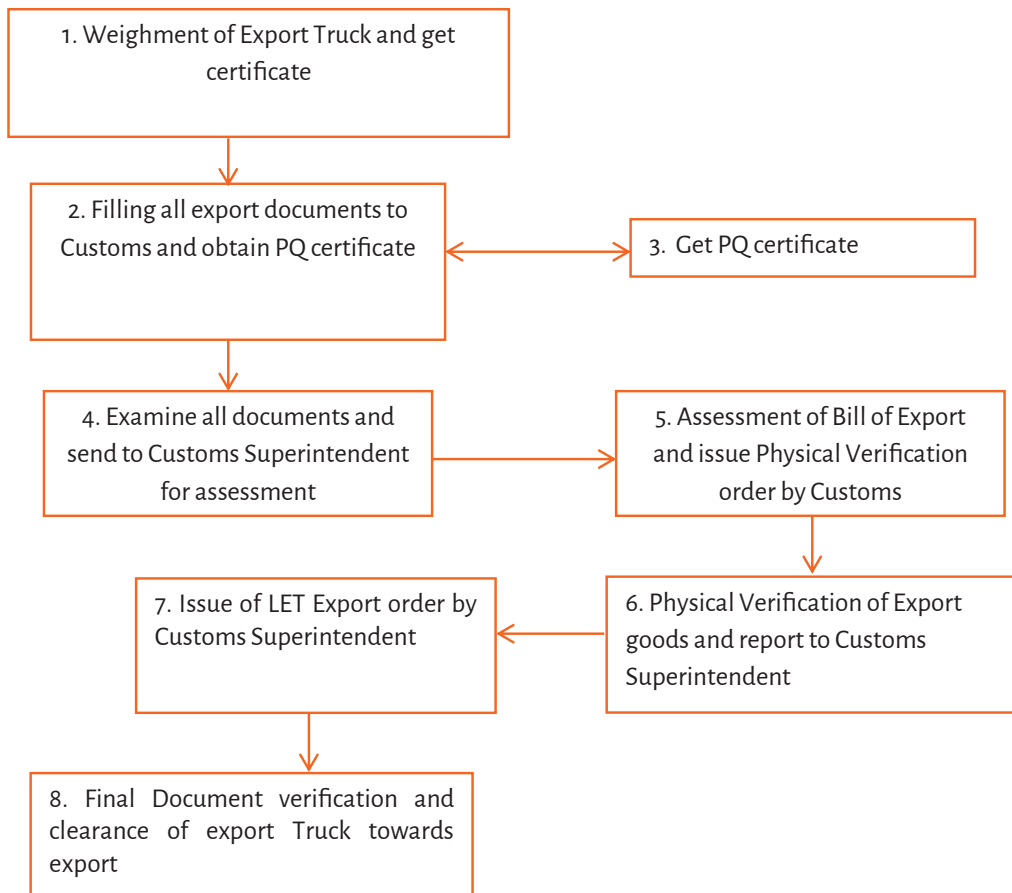
Source: CUTS Survey (2015)

Table 28: Import Process, Agencies Involved, Time and Cost for Each Step at Panitanki-Kakarbhitta LCS

Process	Documents Involve	Responsibilities	Time	Cost (INR)
Get Import permit from PQ department	Import Export Code LC Copy Trade Agreement both the parties (Exporter & Importers)	PQ department	1 hour	INR 150 (Up to 500 MT) It is applicable for those products which will be trading between same exporters and Importers upto next six month with same product
Submit all Import documents to Customs	Invoice Packing List Bill of Entry Certificate of Origin Weighment Certificate	Importer/C&F Agent	10 minutes	NA
Examination of all documents	Same as above	Customs Inspector	10 minutes	NA
Assessment of Bill of Entry and issue Physical Verification and sample collection order	Same as above	Customs Superintendent	10 minutes	NA
Physical Verification of Import goods and sample collection (if needed)	Packing List Invoice Weighment Certificate	Customs Inspector	10 minutes	NA
Sample sent to PQ office for testing and certification (for Fruits & Vegetables)	Packing List Invoice Weighment Certificate Certificate of Origin	Customs Department	10 minutes	NA
Sample testing by PQ department and issue PQ certificate and send to Customs department	Packing List Invoice Certificate of Origin Bill of Entry Nepal Phyto sanitary Certificate	Plant Quarantine department	1 hour	As per India - Nepal Trade Agreement PQ testing cost will be 50% of Total cost. Cost of PQ testing and certification is INR 2500 for 1st MT and rest MT @ INR 75. (For a 10 ton import goods require 1st MT = 2500 + rest 9 MT X 75 = 3175 / 2 = INR 1587.50 per 10 MT
For Processed Food, import sample needs to be sent to CFL/EIA for testing and certification (For Example - Tea)	Packing List Invoice Certificate of Origin Bill of Entry Nepal Phyto sanitary Certificate	Customs Department	10 - 15 days	INR 3750/ sample
After receiving laboratory test certificate, Customs will Issue Import Export order	Invoice Packing List Bill of Entry Certificate of Origin Weighment Certificate Nepal Phyto-sanitary Certificate PQ test certificate (India) CFL/ E xport Inspection Agency test certificate (For Processed Food) *	Customs Superintendent	10 minutes	If Import duty applicable
Final Document verification and clearance of export Truck towards export	Same as above	Customs Inspector	10 minutes	NA

Source: CUTS Survey (2015)

Chart 14: Existing Export Process Flow through Panitanki-Kakrbhitta LCS



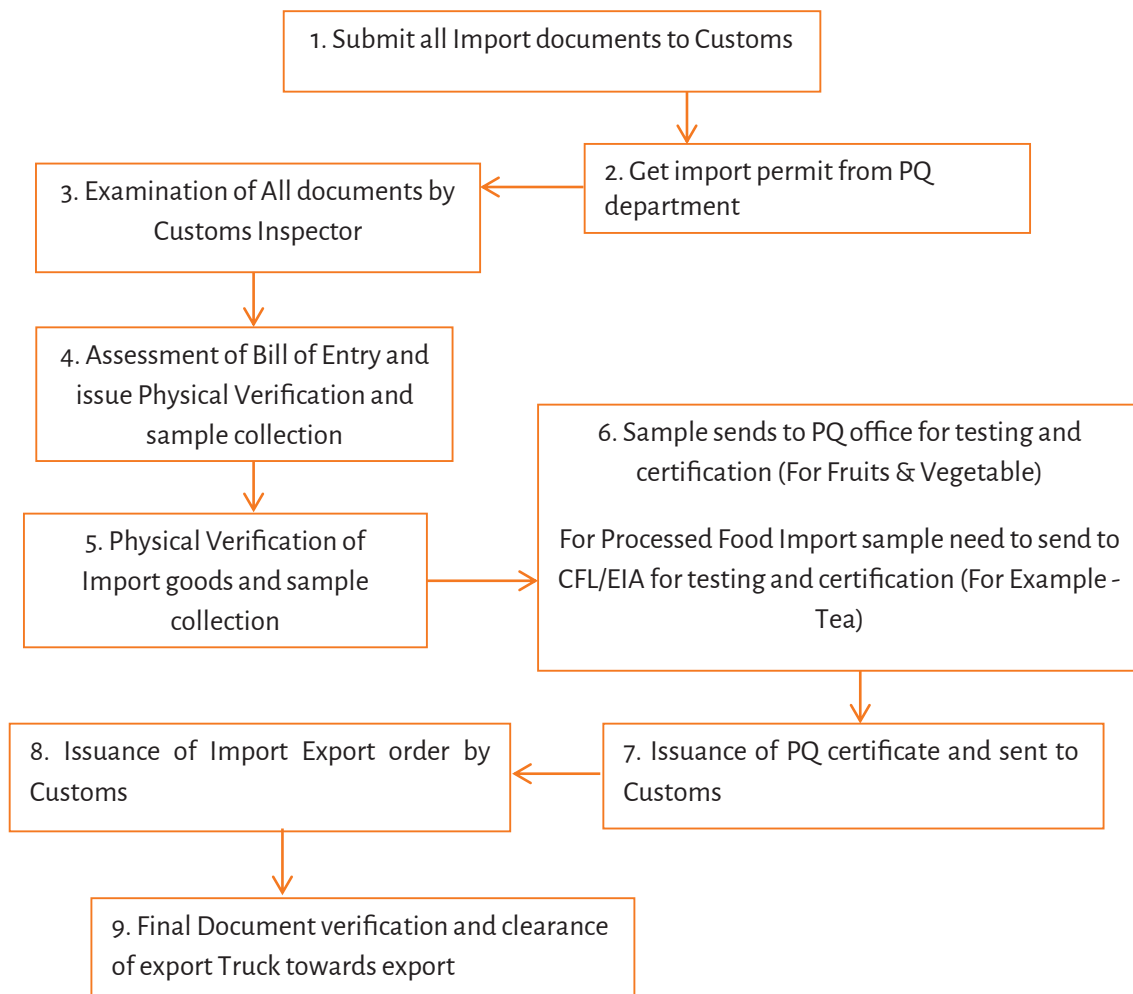
Source: CUTS Survey (2015)

2.22.1. Major Advocacy Points

Many of the hurdles and issues faced by users of the Panitanki port are related to poor and inadequate physical infrastructure. The PQ, AQ and food safety related processes require major attention.

- A Central Food Laboratory should be set up at Siliguri to facilitate trade among India, Bangladesh, Bhutan and Nepal.
- Enhance infrastructure by building roads, truck parking, weighbridges, warehouse, cold storage systems among others
- Widen existing bridge/construction of new bridge on river Mechi.
- Small traders should be encouraged to move from traditional/old trade process to adapt modern trade processes.
- Capacity building of officials and staff on rules and regulations (particularly in terms of quarantine and food safety rules and regulations) will reduce information asymmetry and help avoid misinterpretation of orders. Such capacity building could be undertaken by relevant government agencies in partnership with business chambers, local sectoral/business associations, civil society organisations and subject experts.
- Simplify and minimise Customs processes with reduced documentation.
- Set up a LCS at the Debiganj – Bhadrapur port . This could help provide an alternate route for trade.

Chart 15: Existing Import Process Flow through Panitanki-Kakrbhitta LCS



Source: CUTS Survey (2015)

CHAPTER -3
CONCLUSION AND
RECOMMENDATIONS

3.1. Conclusion and Recommendations

NTMs have emerged as major impediments to the growth of intra- regional trade and economic integration in South Asia. It is widely agreed that the elimination of NTMs, particularly TBT, SPS and infrastructural and procedural related barriers would contribute substantially to the growth of regional trade in the region. Existing studies also point that NTMs result in low volume of intra- regional trade in agriculture and food products between South Asian nations. This study makes key observations about the prevailing NTMs to India's trade with Bangladesh, Sri Lanka, Pakistan, Nepal and United Kingdom. There are various kinds of NTMs in India; however, the key NTMs in India are related to TBT, SPS, and infrastructural, process and procedural barriers.

India lacks soft and hard infrastructure at land and sea ports and this adds significant amount of time and cost to trade in food products. The absence of testing and trade standard related agencies, especially at land ports, also significantly affects trade with neighbouring countries. Key issues related to documentation and paperwork, absence of single window system, dismal quality of infrastructural facilities (storage and warehousing), absence of standard operating procedures, inefficient Customs clearance and narrow approach roads around land and sea ports need to be addressed. In addition to this, lack of coordination among various agencies such as FSSAI, PQ, AQ, Customs, Central Warehousing Corporation at land and sea ports affects trade in food products between India and South Asia.

Furthermore, the plethora of agencies at land and sea ports of India creates complexities and fosters uncertainty in the clearance of food products. Traders find it difficult to deal with multiple agencies for the submission of trade documents and for clearance of consignments. The lack of an integrated platform delays the movement of goods. Where some specific treatment (fumigation) is needed for imported food products, the facilities are located far from land and sea ports and traders face difficulties to get them cleared in time.

Serious concerns related to existing sampling selection technique and labelling requirement used by FSSAI also exist. The sampling method of FSSAI is not standardised and it is significantly arbitrary. In addition, the trading community has stated that they adhere with the rules and regulations of FSSAI but there are cases where traders are expected to share specifics, which is akin to sharing trade secret of products.

Harmonisation of labelling, trade and regulatory standards emerge as other essential areas. The absence of MRAs in trade agreements (India-Sri Lanka FTA) increase the incidence of NTMs and undermine trade agreements. Trade between India and Sri Lanka in food products has declined due to the absence of effective MRAs. This is also true in case of other countries,

especially United Kingdom, where several food products face hurdles related to labelling and testing requirements. Some of the key recommendations are summarised here:

- Establish a single-window system at all border points. This would promote transparent, predictable, reliable procedures and process for all traders. Integrating various agencies such as Customs, FSSAI, PQ and AQ, and CWC through such technological platforms is essential for smooth and efficient clearance of cargo at land and sea ports. Ideally, setting up a single point on both sides of borders will facilitate easy movement of goods across borders.
- Harmonisation of labelling, trade and technical standards will eliminate the redundant procedures and practices. South Asian countries should sign a Mutual Recognition Agreement (MRA) under the existing South Asia Regional Standard Organisation of Agreement of South Asia Free Trade Area to address issues related to labelling, testing and standards.
- Food testing agencies and laboratories should be established at all major Land, Sea and Inland Container Depots {also known as dry ports (to encourage destination specific inspection)}. This would ensure time-bound, easy and smooth clearance of food consignment across borders.
- Capacity building programs for officials and staff on rules and regulations (particularly in terms of quarantine and food safety rules and regulations) will reduce information asymmetry and help avoid misinterpretation of orders and policies. Capacity building program must focus on explaining the realities of changing global trading system and the rise of production networks where imports become a core component of trade competitiveness.
- Expedite the process of setting up ICPs at Petrapole and Panitanki, which would significantly improve trade related infrastructure at land ports. Furthermore, the idea of setting up single ICPs with neighbouring countries can also be explored through mutual discussion and deliberations.
- A joint accreditation of testing laboratories between all South Asian countries should be carried out.
- Simplification of rules and regulations of FSSAI, PQ and AQ will make them more transparent, predictable, reliable procedures and processes for food traders.
- Improving warehousing and storage and cold storage facilities at land ports will help reduce wastage and stem pilferage of food products. The Land Port Authority of India (LPAI) should impose uniform storage charges on all land ports.

- Product-wise classification at the eight-digit level should be promoted for distinguishing regulatory jurisdiction between FSSAI and PQ. The existing HS code classification creates ambiguity.
- Periodic meetings can be organized to trace out key areas of improvement which will help promote the efficiency in clearance of goods.
- International practices such as ATR (EU acronym, standing for Admission Temporaire Roulette) certificate could be adopted in South Asian region to streamline the regional trade. ATR Certificate is a customs document used in trade of selected industrial product between EU members and Turkey where the duty on such goods is usually zero. The legal basis for the use of the certificate is the EU-Turkey Customs Union. This certificate helps traders to get fastrack clearance from the ports.
- Standard operating procedure (SOPs) in all the integrated check posts is required. Bangladesh has already taken a very good initiative on SOPs by granting direct access to its ports.
- Advance bill of entry system needs to be encouraged at all land ports so that traders are able to complete most activities such as (assessment, payment and submission of duty) before the arrival of consignment.
- Single Operating Procedure (SOP) to improve coordination among agencies at land customs stations and ICPs needs to be established
- Special attention needs to be given for upgrading the necessary infrastructure (approach roads) at land and sea ports. This would significantly reduce congestion outside land and sea ports. The idea of alternative route to land and sea ports should also be explored, especially at ports in Petrapole and Mumbai.
- Redressal System of FSSAI needs to be made much more effective in order to address concerns of the trading community.
- Initiatives taken at the JNPT port can be replicated at other land ports. These include integration of different clearance procedures through existing EDIs such as ICEGATE (an e-commerce portal of Govt. of India). Now online transmission of documents and no objection certificate (NOC) are automatically transmitted after the initial submissions and assessments. Initiatives taken at sea ports should take place simultaneously at the land ports.
- The ambit of Customs Clearance Facilitation Committee should be expanded to cover the land ports between India and the neighboring countries in order to encourage cross border trade in agricultural commodities with Nepal, Bangladesh, Bhutan and Pakistan. This will enable competitive supply chain linkages to the emerging Food Processing Industry of India, which will fulfill the objectives of “Make in India” and India’s Foreign Trade Policy.
- It is also suggested that options like “Direct Port Delivery” of customs sealed containers be made applicable to all the sea and land ports in India to minimise the time and cost of clearance by reducing the scope of traders being overcharged in terms of demurrage, handling, storage, among others. This will help decongest ports, and make the cumbersome procedure easier.
- The proposed Draft on Food Safety and Standards should do away with ‘stringent’ labelling and packaging requirements and enable FSSAI to come up with Common Minimum Requirement (CMR) criteria of labelling and packaging standards. This should be in line with the Codex standards, which are globally accepted standards for agriculture, food and processed food items. Other than mandatory CMR standards, importers should be given flexibility to comply with the norms at the port level or any other authorised area.

Table 30: Port-wise Advocacy Matrix

Port	Nature of problem (Process or Product)	Advocacy Message/Recommendation	Change Agent (who to advocate with)	Possible Timeline (Short /Medium/Long Term)	Priority (How urgently the action needs to be undertaken and also to reflect the feasibility of undertaking the same)
ATTARI ICP	Process	EDI enabled integration of plant quarantine, CWC and customs department for referring the case for examination, release order, out of charge etc.	Customs	Short	High
	Product	High cost of loading/unloading and transportation charges (for example, INR 6.50 /bag and INR 25/bag from Attari to Amritsar. Should be rationalised in consultation with the respective labour unions.	CWC	Short	High
	Process	'Single Entry Permit' is being issued by the Indian Customs and should be verified by them instead of current immigration practice by Bureau of Immigration at the ICP.	Customs and Bureau of Immigration, MEA	Short	High
CHENNAI PORT	Process	Single Standard Operating Procedure for the ICP along with LPAI deputed ICP Director	Land Port Authority of India, MHA	Short	High
	Process	Installation of Full Body Truck Scanner and Electronic Weighbridge	LPAI	Short	High
	Product	Abolition of quota regime on Pepper, Black Tea, Flavoured Tea imports from Sri Lanka Pepper: Trading community oppose the quota imposition to the import of pepper from Sri Lanka under India-Sri Lanka Free Trade Agreement as it has dissuaded Sri Lankan exporters from exporting pepper to India in "protest" of quota regime. Black Tea/Flavoured Tea: Quota is there in the India-Sri Lanka FTA however not utilised by Sri Lankan exporters because of better market access like Australia, Dubai and Singapore. Reason for this diversion from India is, among others, due to distant testing facilities which are primarily provided at Cochin, Kerala and by the time certificate reaches Chennai, importers wary of multiplication of demurrage charges which does not convince them to import more	Department of Commerce and Industry, Ministry of Commerce And for testing FSSAI, PQ etc.	Medium	High

Product	Product Specific Rules of Origin
	<p>India and Sri Lanka has adopted both domestic value addition and cumulative rules of origin under their trade agreement. Combination of these two different rules of origin creates lot of difficulties for trading community to meet its regulatory compliance. Traders have expressed that rules of origin should be product specific so that they can easily meet with content requirement as well regulatory compliance</p>
Process	<p>Flexibility in Rules Customs, FSSAI, Port Authorities etc.</p> <p>In case of imports, if the labelling requirement is not fulfilled, then the whole import cargo is either held or sent back. A best practise of allowing importers to change the labels at the port warehouse should be adopted to give some leeway in rules and regulation.</p>
Process	<p>Capacity Building Training Programme for Officials of Regulatory Agencies Ministry of Commerce and Industry</p> <p>At times, officials posted at PRO and other relevant port authorities are not aware of Customs notifications and ask the importer to bring a copy to their table, or they suggest importers clarify the same with their customs house agent. This level of information asymmetry causes unnecessary delay and therefore increases the transaction Mutual Recognition Agreement for harmonising the labelling and SPS testing requirements</p> <p>Long</p> <p>High</p>
Process	<p>Additional Chennai Specific but Common Process Recommendations Consortium of relevant agencies</p> <p>A single window system should be created for smooth and hassle-free export and import operation for preferential and non-preferential agro, food, and processed food items.</p> <p>Medium</p> <p>High</p>
Process	<p>National Bank Guarantee requirement for payment clearance be made flexible by also allowing the guarantee by scheduled private bank under the RBI and the partner country financial regulator.</p> <p>Reserve Bank of India</p> <p>Medium</p> <p>High</p>
Process	<p>A single standard operating procedure is to be devised for each port to underline the time, cost and procedural requirements in a fair, transparent and predictable manner.</p> <p>Chennai Port Trust</p> <p>Medium</p> <p>High</p>

Table 30: Port-wise Advocacy Matrix

Port	Nature of problem (Process or Product)	Advocacy Message/Recommendation	Change Agent (who to advocate with)	Possible Timeline (Short /Medium/Long Term)	Priority (How urgently the action needs to be undertaken and also to reflect the feasibility of undertaking the same)
	Process	To reduce third party cost of financial transaction, India and Sri Lanka could maintain a basket of their local currencies so as to enable direct and less costly trade.	RBI, Ministry of Commerce etc.	Long	Low
	Process	Inter-banking relationship between Sri Lankan and Indian banks is good however the more number of Sri Lankan Banks should be allowed in India to open their branches.	RBI and Government of India	Medium	High
MUMBAI PORT	Product	Introduction of Risk Management System for Testing As per the current practice, every consignment falls under either full or 25 percent inspection requirement after being transported to the prescribed Container Freight Station from the JNPT port, Mumbai. A Risk Management System for Testing in tandem with RMS by Customs should be conceptualised for FSSAI, PQ etc. to exercise random sampling and testing on the basis of previous transactions of the importer.	CUSTOMS, FSSAI, PQ etc.	Long	High
	Product	Product-wise Classification of Food Products at the 8-digit Level At present, Customs refers cases to inspection agencies on the basis of tariff lines and HS Code under Chapter 1-23 of ITC HS classification. In that case, many agricultural and allied commodities which come under the purview of Plant Quarantine are referred to FSSAI and vice versa. Jurisdiction demarcation at the 8-digit level will help simplify the process and make it predictable.	DGFT, CBEC	Medium	High
		Increased Time Slot for Inspection As soon as the ICM is filed and payment is made online to FSSAI, the user gets an electronic appointment slot for physical inspection of the consignment within one working day. As of now the regional FSSAI division has enabled single morning slot a day considering the volume of applications. However, the customs house agents and the importing community demand that they make it two appointments a day.	FSSAI	Long	Low

<p>Product</p> <p>Harmonisation of Multiple Entry Taxes/labelling requirement on the Imports of Liquor</p> <p>Liquor traders are overburdened by varying tax structure and multiple labelling, sticker requirement</p> <p>For example at the port level, the cost of such consignment is \$100 CIF however multiple entry restrictions magnify the cost of the consignment to \$1300 CIF until it reaches to the end user.</p>	<p>Various state level regulatory authorities vis-à-vis the national body for streamlining the labelling requirement</p> <p>Inclusion of liquor and allied products under proposed roll out of Goods & Services Tax</p>	<p>Medium</p>	<p>High</p>
<p>Process</p> <p>CFS / Cluster Wise Deputation of Regulatory Agencies Officials</p> <p>It has been observed that at the Chennai and Mumbai ports FSSAI, Plant and Animal Quarantine are first to be separately requested and then called for inspection at the cost of importer or her clearing agent. For example, return transportation to ferry FSSAI and PQ officials for inspection is usually arranged by the consignee. Besides entailing a high cost, it encourages favouritism in proportion to the treatment given by the consignee to the respective officer. For Full Cargo Load (FCL) importer it may not be a matter of concern but for Less Cargo Load (LCL) importer, the involved cost reduces the cost competitiveness of the imported items, let alone the time cost. It may be worked out that besides customs officials, a CFS accommodates all the regulatory watchdogs/facilitators enabling in-house examination, sampling. Apart from relying on private laboratories, testing and certification facilities should be developed by FSSAI/PQ in appropriate numbers to serve a cluster of CFSs in Mumbai.</p>	<p>FSSAI/PQ, Customs Clearance Facilitation Committee, JNPT Port</p>	<p>Medium</p>	<p>High</p>
<p>Product</p> <p>Periodical publication of Standards, their harmonisation and Minimum Criteria Requirement</p> <p>The FSSAI's stringent requirements on the labelling for food and beverage products makes it necessary for importers to mention specific ingredients which are often not possible. In the event that consignments and product labelling are slightly off the mark, i.e., consignment does not meet labelling standards, it is rejected and not sent for further tests.</p> <p>The Food Safety and Standards Regulation, 2011 requires importers to enlist the ingredients on the original label of the product in descending order of their composition by weight or volume</p>	<p>FSSAI</p>	<p>Medium</p>	<p>High</p>

Table 30: Port-wise Advocacy Matrix

Port	Nature of problem (Process or Product)	Advocacy Message/Recommendation	Change Agent (who to advocate with)	Possible Timeline (Short/Medium/Long Term)	Priority (How urgently the action needs to be undertaken and also to reflect the feasibility of undertaking the same)
		<p>as the case may be. Global manufacturers and their importers object to this requirement, arguing that it is as good as asking them to reveal their 'manufacturing proprietary rights'. Agro-food & beverages consignments such as chocolates and alcoholic beverages are put on hold if they fail to be complying with labelling requirement and not sent for further test. If there is any deviation from the prescribed labelling guidelines, then the consignments are thoroughly rejected even if they might clear the laboratory test. Use of stickers is not allowed. Labels cannot be changed at the port and any other authorised place and the food & beverage consignments are strictly subject to rejection. Considering this is a national requirement applicable all over India, other ports receive the same treatment.</p> <p>Importing community demands that FSSAI should come up with Common Minimum Requirement (CMR) criteria of labeling and packaging standards. This should be in line with the Codex standards, which are globally accepted standards for agriculture, food and expediting the inauguration and functioning of the ICP/Land Port at Petrapole.</p>			
	Process	Expediting the inauguration and functioning of the ICP/Land Port at Petrapole.	Customs & Land Port Authority of India (LPAI)	Short	High
	Process	Consider alternate routes for trucks to travel to Petrapole LCS instead of plying through the Bongaon municipal area. Need to undertake feasibility studies to that end.	Customs, Ministry of Road Transport & Highways, State Administration Bongaon Municipal Authority, Railways Authority	Long	High
	Process	Development of alternate ports like Chojadanga	Customs, State/Provincial Administration, Ministry of Road Transport & Highways	Long	High
	Process	Joint inspection by Indian-Bangladesh authority of food items towards harmonising processes and reducing repetitive practices on both sides of the border.	Customs, Plant Quarantine, Animal Quarantine, FSSAI (when available)	Medium	Medium
	Process	Inspection could be done at a place prior to the border point whereby officials of both the countries can undertake joint inspections and agree on the safety and reliability of the consignment, thereby reducing wait time and congestion at the border point. The private sector should be engaged in such initiatives.	Customs, Plant Quarantine, Animal Quarantine, FSSAI (when available)	Medium	Medium

Process	Creation of platforms/institutions, regulatory space and enabling policies to make joint inspection a reality	Customs & Plant Quarantine	Medium	Medium
Process	Thrust on multi-modal transport (rail and roads)	Road Transport & Highway Authority, Railways Authority, Customs, Land Port Authority	Long	High
AGARTALA ICP				
Process	Comprehensive Testing Laboratory needed	Agricultural Ministry, Central Food Laboratories, Ministry of Consumer Affairs, Food and Public Distribution, State Administration	Short	High
Process	Animal Quarantine office needed	Agricultural Ministry, Customs	Short	High
Process	Better clarity regarding quarantine rules and possibilities.	Agricultural Ministry, Customs, Business Chambers, Sectoral Associations, Civil Society Organisations	Short	High
Product	Review of packaging regulations for dry fish (High demand for dry fish items on Bangladesh side but regulations (Packaging regulations, MPEDA) are hurdle to trade)	Agricultural Ministry, Ministry of Commerce & Industries, MPEDA, Business Chambers, Sectoral Associations	Medium	Medium
Process	Thrust on multi-modal transport (rail and roads)	Road Transport & Highway Authority, Railways Authority, Customs, Land Port Authority	Long	High
PANITANKI LCS				
Process	Establishing Central Food Testing Laboratory at Siliguri.	Agricultural Ministry, Central Food Laboratories, Ministry of Consumer Affairs, Food and Public Distribution, State Administration	Short	High
Process	Enhancing infrastructure, particularly on the Indian side including roads, truck parking, weigh bridge, warehouse, cold storage, etc.	Road Transport & Highway Authority, Customs, Land Port Authority, State Administration, Siliguri Jalpaiguri Development Authority (SJDA)	Medium	High
Process	Widening of existing bridge/construction of new bridge on river Mechi.	Road Transport & Highway Authority (Nepal and India), Customs (Nepal and India), Land Port Authority, State/Provincial Administration, Siliguri Jalpaiguri Development Authority (SJDA)	Long	High
AGARTALA ICP				
Process	Open up another border trade point through Galgolia to ease the pressure on Panitanki-Kakarbhitta.	Customs, State/Provincial Administration, Siliguri Jalpaiguri Development Authority (on the Indian side)	Long	Medium
Process	Capacity building of small traders to move from traditional/old trade process to adapt to modern trade processes.	Business Chambers, Sectoral Associations, Civil Society Organisations with facilitation from Customs	Short	High

NOTES

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4. "Addressing Non-Tariff Barriers on exports of ginger", South Asia Watch on Trade, Economics and Environment, November 2014, Kathmandu.
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12. Mohammad. A Razzaque and Yurendra Basnett, Regional Integration in South Asia: Trends, Challenges and Prospectus, 2014
13. Raihan, S, MA Khan and S Quoreshi (2014), 'NTMs in South Asia: Assessment and Analysis, http://sanemnet.org/sanemafeefcontainer/uploads/2014/06/NTM_Ebook-. pdf
14. Ibid
15. Ibid
16. United Nations ESCAP and Asian Development Bank (2014), Trade Process Analysis Report for Subregional Cooperation in South Asia, <http://www.unescap.org/sites/default/files/BPA%20Phase%201%20Report%20revised.pdf>
17. The maximum time ceiling of 48 hours is subject to inspection and post-entry quarantine inspection. In case the consignment requires treatment then the time may vary depending upon the scale and nature of treatment. Please refer to annexure 1 for detailing and further bifurcation with regard to perishable and non-perishable agriculture commodities. Perishable commodities such as nursery plants, tissue cultures, fresh fruits, cut flowers etc., are certified with in a maximum period of 24-48 hrs and consignments that require fumigation are certified within 3 days. Available at- [http:// plantquarantineindia.nic.in/PQISPub/html/Exp-insp-cert. htm](http://plantquarantineindia.nic.in/PQISPub/html/Exp-insp-cert.htm) 1.5 cu.m and above-Re.1/- extra for every additional 3.0 cu.m or part thereof up to a maximum of Rs. 100/-per consignment. Fumigation or disinfection charges-Rs.2/- extra for every additional 1.5 cu.m or part thereof as prescribed in Schedule-IX (A) - point 4 of Import Inspection Fee (Clause 5 of Plant Quarantine (Regulation of Import into India), Order, 2003. Retrieved from [http://plantquarantineindia.nic.in/PQISPub/docfiles/Schedule-IX. Htm](http://plantquarantineindia.nic.in/PQISPub/docfiles/Schedule-IX.Htm)
18. Inputs gathered from Central Warehousing Corporation at Attari.
19. In general, the samples of grain, pulses, spices, fresh fruits and vegetables, cut flowers, coffee beans, groundnut, turmeric etc., that are meant for consumption are visually inspected with the help of illuminated magnifier specifically for live insect infestation.
20. Plant Quarantine Fee for imported products can be accessed at <http://plantquarantineindia.nic.in/PQISPub/html/fee&charge-Imp.htm>
21. Transportation Charges are subject to vary on the basis of distance between Chennai Port to respective Container Freight Station.
22. Plant Quarantine Fee Details for export products can be accessed at <http://plantquarantineindia.nic.in/PQISPub/docfiles/Appendix-2.htm>
23. Guidelines related Food Import Clearance Process by FSSAI Authorised Officers, Page-1 [http://fssai.gov.in/ Portals/o/ Pdf/guidelines_related_to_imported_food_clearance_ process\(05-04-2012\).pdf](http://fssai.gov.in/Portals/o/Pdf/guidelines_related_to_imported_food_clearance_process(05-04-2012).pdf)
24. Note: Each CFS has its own tariff structure. For this study, we have gathered tariff plan from [http://www.allcargologistics. com/](http://www.allcargologistics.com/)
25. As per the Time Release Study shared by Customs Department, JNPT Nhava Sheva, period (1-09-2015 to 30- 09- 2015)
26. The Central Board of Excise and Customs (CBEC) under the Ministry of Finance India has introduced "Risk Management System" (RMS) in 2005 to provide easy and smooth clearance of consignment at ports of India. The purpose of RMS is to facilitate a large number of Bills of entry, which are perceived to be compliant with the Customs Laws and Regulations. Such self-assessed Bills of Entry will be processed by the RMS to evaluate the risk in the Bill if any, duty will be calculated and challan will be generated by ICES based on declaration/ self-assessment by the importer" (extracted from CBEC). The RMS is extremely helpful in reducing dwell time of cargo at ports and trade transaction costs in order to improve the functioning of trade supply chain and trade competitiveness of India. Extracted from CBEC's website on 20 Jan 2016.

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ANNEXURE

ALLCARGO LOGISTICS LTD.

Vill & PO – Koproli, Taluka–Uran, Dist–Raigad, Maharashtra-410212
CFS TARIFF 50A

IMPORTS

1. Handling & Transportation

For Loaded Delivery (Factory De-stuffing)

Transportation of Loaded Container from JNPT/NSICT/Gateway Terminal to CFS, Lift-Off, Grounding for Custom Examination and Loading the Container on party's Trailer.

• For Dry Van – Up to 25 MT	₹6700 for 20'/₹10200 for 40'
• For Dry van – Above 25 MT	₹9700 for 20'/₹15550 for 40'
• For ODC Containers	On Case to Case basis
• For Hazardous – Up to 25 MT	₹10500 for 20'/₹16800 for 40'
• For Hazardous - Above 25 MT	₹18200 for 20'/₹30200 for 40'
• For Reefers – Up to 23 MT	₹7800 for 20'/₹12600 for 40'
• For Reefers – 23 MT to 27 MT	₹9200 for 20'/₹14600 for 40'
• For Reefers - Above 27MT	₹11950 for 20'/₹19500 for 40'

* Charges for De-stuff & Delivery ₹2300/Per TEU.

* Additional handling Charges @ ₹1000/Teu for Naphthalene containers/Cargo.

Handling Charges for Custom Examination

De-stuffing & Re-stuffing operation, if carried out as per the request of Lines/Consignees for Custom Examination.

- Up to 25 % ₹950 per TEU
- More than 25% ₹2900 per TEU
- Special Cargo Handling Charges for Metal Scrap case to case basis.
- Long Standing Container/Cargo that have processed for Custom Examination & Valuation ₹.7500 per TEU for FCL

₹3500 per Item for LCL

2. Ground Rent (Loaded)

No. Of Days	Rate per Day/TEU
1 st to 3 rd day	₹300
4 th to 6 th day	₹500
7 th to 9 th day	₹650
10 th to 12 th day	₹850
13 th to 15 th day	₹975
16 th to 30 th day	₹1075
31 st to 60 th day	₹1350

Notes: -

In addition to the above ₹600/- per Day/TEU will be levied beyond 60 days and similarly ₹1100/- per Day/TEU will be levied beyond 90 days.

Ground Rent for Flat Rack (ODC), Open Top (ODC) containers will be levied at 300% of normal rate, Reefer containers will be levied at 200% of the normal rate & that of Hazardous containers will be levied at 200% of the normal rate.

- Fuel & Energy Surcharge ₹900 to ₹1000 Per TEU

Cargo Related Charges

1. Delivery Charges (FCL/LCL/Bonded)

Loading of cargo to Party's Vehicle using Labour & Forklift ₹90 per MT

- Minimum Charge ₹90 per item/delivery.
- Additional charges will be levied for use of crane
- Additional charges @ ₹2000 per TEU will be levied if the cargo is stuffed into containers.

2A. Storage charges for LCL Cargo:-

First Week	₹100/M ² /week
Second Week	₹175/M ² /week
Third Week	₹275/M ² /week
Fourth Week onward	₹400/M ² /week

2B. Storage charges for Bonded Cargo ₹100/M²/week

Notes: -

- No storage charges will be levied for the day of de-stuffing of LCL Cargo.
- Minimum charges will be levied for 5 M² per item for LCL Cargo.
- Hazardous & ODC will be levied at 200% & 300% of normal rate for LCL.
- Minimum 1-week's charges will be levied (excluding day of de-stuffing) for LCL Cargo and 4 week's charges for Bonded Cargo.
- **Fuel & Energy Surcharge ₹325-00 per item for LCL**

EXPORTS

1. Handling & Transportation Charges

Grounding the Empty Container at the Stuffing point, Stuffing the Container and Transporting the Loaded Container to JNPT/NSICT/Gateway Terminal.

- For Dry Van – Up to 23 MT ₹6050 for 20'/₹9300 for 40'
- For Dry van – Above 23 MT ₹7300 for 20'/₹10500 for 40'
- For ODC Containers On Case to Case basis
- For Hazardous – Up to 23 MT ₹7350 for 20'/₹12400 for 40'
- For Hazardous – Above 23 MT ₹8550 for 20'/₹14400 for 40'
- For Reefers – Up to 23 MT ₹8700 for 20'/₹14400 for 40'
- For Reefers – Above 23 MT ₹9900 for 20'/₹15600 for 40'
- For GOH – Up to 23 MT ₹7200 for 20'/₹10800 for 40'
- For GOH – Above 23 MT ₹8400 for 20'/₹12000 for 40'

* Additional charges will be levied for use of Crane.

** Reefer containers to be moved on Gen set Mounted Trailer.

***Fuel & Energy Surcharge ₹500 to ₹1000 per TEU

2. Ground Rent (Loaded)

No Of Days	Rate per Day/TEU
First 7 days	₹90
8 th to 15 th day	₹250
16 th to 30 th day	₹450
31 st day onwards	₹550

Notes: -

- No ground rent will be levied for the day of stuffing.
- Ground Rent for Flat rack (ODC) & Open top (ODC) container will be levied at 300% of the normal rate, Reefer containers will be levied at 200% of the normal rate & that of Hazardous containers will be levied at 150% of the normal rate.
- Charges will be levied for all "On hold" & "Under Lock" containers. If the port gate is not opened for a particular vessel and the CFS operator cannot move a container even after receipt of movement requests, loaded ground rent charges will be levied.

3. CLP, EIR, Survey & Bottle Seal Charges ₹150 per Container

4. Reworking Charges (De-stuffing & Re-stuffing) ₹4000 per TEU.

5. Buffer Charges ₹4500 for 20'/₹5500 for 40'

CARGO RELATED / STORAGE & WAREHOUSING CHARGES

1. Carting Charges

Unloading of export cargo from the truck to the export Warehouse / open yard using labour, fork-lift as per the Shipping bill declarations and on production of custom

Noted shipping bills ₹80 per MT.

- Minimum Charge Rs.80 per shipping bill.
- Additional charges will be levied for use of crane.

1A. Delivery charges for Back to town cargo ₹100 per MT.

1B. Cargo shifting charges within Warehouse ₹60 per MT

2. Shipping Bill Amendment Charges ₹450 per SB

3. Storage Charges (in General Area)

For cargo allowed being stored in the general area (subject to availability) either in the warehouse or open area ₹ 90 per M²/Week

Notes: -

- Day of carting will be excluded while calculating days.
- Minimum charges will be levied for 5 M² per shipping bill
- Minimum 1-week's charges will be levied.

4. Warehouse Reservation ₹200/M²/Month

Notes: -

- Minimum reservation area 150 M².
- Charges payable quarterly in advance
- For Cancellation 1 month's advance notice needed.

GENERAL & ADDITIONAL OPERATIONS

1. Transportation (Excluding Lolo)

Empty Transportation Rates

- Within 10 K.M. radius ₹1250 per TEU
- Panvel / Kalamboli / Taloja ₹2000 per TEU
- BMC limit ₹3000 per TEU

** Toll Charges at NH4B will be levied extra and on actual.

Loaded Transportation Rates to Terminal ₹3500 for 20' ₹4500 for 40'

2. Lift-Off /Lift-On (Lolo)

- For Empty Containers ₹150 per TEU
- For Loaded Containers ₹300 per TEU

3. Reefer Plugging /Monitoring Charges ₹3000 per BOX / per Day

(Rates applicable for both Import and Export Loaded Containers)

4. Crane Charges

Capacity Up to 70 MT ₹10000 per Shift
₹5000 Half Shift

5. 10Ton ForkLift Charges ₹6000 per Shift
₹3000 Half Shift

6. Empty Ground Rent Charges

No Of Days	Rate per Day/TEU
Up to 5 th day	₹30
6 th to 10 th day	₹75
11 th to 15 th day	₹100

16th day onwards ₹200

Date in and Date out / Stuffing Date, both days inclusive.

7. Weighing Charges

- Weighing of loaded containers on Party's Vehicle ₹500 per TEU
- Weighing of loaded containers on CFS Vehicle* ₹1250 per TEU
- Weighing of Cargo on Truck ₹200 per Truck

8. Import Weighment charges (scanning)

₹1000 per TEU for FCL & ₹250 per item for LCL

9. Palletizing / Lashing / Choking

At Actuals

To be arranged through our approved vendor

10. Service Charge on Insurance for Bonded Cargo

₹0.20 per week per ₹1000

(On Cargo Value + Customs Duty)

11. Cargo In-bonding charges (if coming from outside)

Cargo on Truck

₹90 per MT

Containerized Cargo

₹1500 per TEU (Including Lolo)

12. Facility Maintenance Charges

₹450 per TEU & ₹125 per Item for LCL

(Rates applicable for both Import and Export Loaded Containers)

13. Documentation Charges

₹500 per TEU & ₹125 per Item for LCL

(Rates applicable for both Import and Export Loaded Containers)

14. Import Congestion Charges

₹1450 Per Box for FCL & ₹250 Per Item for LCL

15. Administrative Surcharge

₹500 per TEU & ₹125 per Item for LCL

(Rates applicable for both Import and Export Loaded Containers)

16. Survey Charges

₹300 per TEU & ₹75 per Item for LCL

(Rates applicable for Import)

17. Vehicle Detention Charges

₹1500 per shift

18. Locker Charges

₹3500 per annum

19. Table Space Charges

₹1500 per month

20. Office Rental Charges

₹15000 per month

(Rent payable Quarterly in advance)

21. Cheque Bounce Charges

₹5000 per chq.

Please Note:

1. All Cheques / DDs to be drawn favouring **"Allcargo Logistics Ltd."** payable in Mumbai / Navi Mumbai. Outstation cheques will not be accepted.
2. CHAs / Consignees intend to pay by cheque must obtain prior permission from the CFS management.
3. Service tax and other levies (like education cess) will be applicable at prevailing rates at the time of billing.
4. Charges for 45' containers will be 2.5 times respectively of the per TEU rates.
5. Payment of charges is not a guarantee for services, which is strictly on completion of all Custom and other statutory formalities.
6. Rates are subject to change.
7. Movement of containers are subject to weight restrictions imposed by the Govt. Court and other regulatory bodies.
8. For further information and clarification please call: 022-39175800 - 99, Fax: 022-39175280 or Mail: accounts.mumbaicfs@allcargologistics.com, info.mumbaicfs@allcargologistics.com

