
Sub: Permanent Trade Facilitation Committee - Minutes of the Seventh meeting held on 03.10.11– Reg.

The Seventh meeting of the Permanent Trade Facilitation Committee (PTFC) was held at 11.30 A.M on 03.10.2011 in the Conference Hall, I Floor, Kendriya Shulk Bhavan, L B Stadium Road, Basheer Bagh, Hyderabad. Shri P.N Rao, Commissioner of Customs chaired the meeting.

The following members attended the meeting:

S/Shri/Ms.
1. Sudeep Narayan, GM, Cargo, M/s GMR Hyderabad International Airport Limited (M/s GHIAL)
2. Nitin Mittal, Assistant General Manager, M/s GMR Hyderabad International Airport Limited (M/s GHIAL)
3. M.Balasubramanyam, Head Operations, M/s Hyderabad Menzies Air Cargo Private Limited (M/s HMACPL)
4. G.V.Prasad, Hyderabad Representative, M/s Association of Multimodal Transport Operators of India
5. N.V.Jagan Mohan, Branch Manager, State Bank of Hyderabad, Shamshabad
6. A.Madan Mohan, Branch Manager, Indian Bank, Sanathnagar
7. E.Krishna Murthy, GM, M/s BATCO, CFS
8. T.D.Reddy, Manager, CWC, CFS, Kukatpally
9. C.S Narendar, President, CHA Association, Hyderabad along with his Colleagues
10. K. Subbi Reddy, Regional Director, M/s Pharmexcil
11. Laurence Jacobi, Board of Airlines Representatives, Hyderabad
12. Rahul Shakhayme, Inspector O/o Deputy Drug Controller, CDSCO, Hyderabad

The following members did not attend the meeting:
1. M/s Bulk Drugs Manufacturers Association
2. Deputy Commissioner of Police, Immigration, Rajiv Gandhi International Airport Limited
3. Port Health Officer
4. Plant/Animal Quarantine Officer
5. Federation of A.P Chambers of Commerce and Industry
6. NIC Officer, ACC / ICD
7. Kaushik Ganguly, Senior Commandant, CISF, Rajiv Gandhi International Airport
8. P.V. Prasad, Foreign Trade Development Officer, O/o the JDGFT, Hyderabad
9. Dhananjay Sharma, Federation of Indian Exporters Organization
10. D.V.Nagendra, Assistant Manager, M/s APTPC
11. P.N.Goswami, General Manager, M/s CONCOR
12. R Subramanyam, Treasurer, Air Cargo Agents Association of India, Hyderabad Sub-Region
13. M/s CMC Limited, 7th Floor, Posnett Bhavan, Ramkote, Hyderabad
2. Shri Sanjay Rathi, Additional Commissioner of Customs, ICD/Technical (Customs), Shri S. A. Usmani, Additional Commissioner (Air Cargo Complex) and Shri K.V.R.K.Bhupala Rao, Assistant Commissioner of Customs, Technical were present from the department side.

3. The Chairman welcomed the members of PTFC. Shri Sanjay Rathi, ADC requested the members to send the points / agenda before hand for discussion in the meeting. The following points raised in the previous meetings were discussed.

i) With reference to Para 3(iv) of the minutes of the meeting dated 30.08.2011, the CHA Association reported that one printer at the Air Cargo complex was not working and the Printer installed at M/s BATCO is beset with software related problems. Shri Sanjay Rathi, ADC, informed that with respect to the software problem, a number of mails have already been sent to the Directorate of Systems, New Delhi (DOS) and suitable rectificatory action is expected soon. Regarding Air Cargo Complex, M/s GMR informed that the printer problem at Air Cargo has been resolved.

It was decided that this point will not be discussed again, till raised by some member specifically.

ii) With reference to Para 3(v) of the minutes of the meeting dated 30.08.2011, the Chair wanted the CHA association to follow it up with the Custodian and get the auction process expedited, in respect of the Section 48 Cargo of M/s APTPC. With reference to Section 48 Cargo of M/s GMR the representative of M/s GMR informed that they have identified two Valuers in this regard and sent their names for their internal approval. After getting the same approved, they will be writing to the Customs Department about the same and once the permission is accorded by the Customs Department, they will initiate the auction proceeding. In this regard they have identified 1250 Packages for auction. The representative of M/s GMR further informed the Chair, that a total of 10-15 lots have been identified for auction and of these, three Lots have been cleared and 3 lots are still pending clearance. The chair suggested that the lots involving issues and the lots which are free from issues should be pooled separately for the sake of easy disposal/auction.

iii) With reference to Para 3(vii) of the minutes of the meeting dated 30.08.2011, with regard to relocation of screening machine at the ACC, the Custodian informed that modification at Exports hall is done but the same has to be carried out with respect to the Imports which will take about two months and then only they can consider the relocation of the screening machine and further they informed that the drawings in the matter have been completed. The Chair requested the Custodian to complete the same in a time bound manner without further delay.

iv) With reference to Para 3 (viii) of the minutes of the meeting dated 30.08.2011, the Chair informed that the Courier Cargo is being converted into LCL Cargo and getting cleared. ADC (ACC) informed that the Courier Cargo is cleared from Chennai and brought to Hyderabad as domestic cargo. The Custodian was requested by the ADC to inform why there is so much delay in starting the Courier Operations. The Custodian, M/s GMR, replied that they have got their necessary internal approval for setting up the courier terminal. They are taking up necessary steps to get the Master Plan approved at an early date. ADC wanted to know about the status of infrastructural facilities for the Courier operations. The Chair informed that the Courier operation has got a gestation period and the Custodian replied that the Courier operations will commence very shortly. ADC then informed the Custodian that the Department would take up the issue of posting of Officers w r t Courier Operations at the appropriate time. The Chair wanted to know from the Custodian whether the existing domestic Terminal is being shifted. The Custodian replied that they are in the process of setting up of a separate domestic terminal to handle the traffic more efficiently and to provide better amenities for the
passengers and further informed that the existing terminal will be converted into an exclusive International Terminal.

v) With reference to the Service Centers, the ADC informed that M/s CMC have been addressed with respect to functioning of the service centers at Customs locations but they are yet to reply. Further, M/s CMC have not deputed any person for attending the PTFC, despite repeated reminders. The Chair informed that he will take up the matter with the CMC authorities.

4. i) With reference to Para 4(i) and 4(ii) of the minutes of the meeting dated 30.08.2011, ADC wanted to know the progress with respect to the mandatory E-payment facility. ADC (ACC) informed that the Principal Chief Controller of Accounts has given approval and the systems are being tested and the process of E-Payment will be made operational during this month. ADC informed that the SBH located at the ACC is not fully geared up to cope up with the load of E-Payment and requested the Bank representative to initiate necessary steps with regard to the same. The Chair suggested that CHA Association may take up the matter with the importers with a request to make payments only through E-payment module even before it is made mandatory and this will enable a smooth transition when the e-payment is made mandatory.

ii) With reference to Para 4(viii) of the minutes of the meeting dated 30.08.2011, regarding DEPB transactions, ADC (ACC) informed that the scheme has ended on 30.09.2011 and also stated that the licenses for which the export LEOs were accorded before the midnight of 30.09.2011, will be eligible for operation till the expiry of the validity of the license. ADC (ACC) further stated that no case has been noticed where LEO has not been issued before 30.09.2011 for the shipping bills under the DEPB scheme. The Chair informed that necessary instructions had already been issued in this regard.

5. With reference to points submitted by the CHA Association vide their letter CHAAH/CHC/1/2/2011-13 dated 25.7.11, the point nos.7 to 13 which were pending after the meetings on 02.08.2011 and 30.08.2011 were taken up for further discussion:

i) Point No.7: The CHA association pointed out that the demurrage charged by the Custodian is very high. M/s GMR, the custodian informed that demurrage charges were being collected after 72 hours of landing of aircraft as per the norms fixed by the Airports Authority of India. The custodian further informed that the time of 72 hours does not include Sundays, Public Holidays and the days on which the Customs is not working. The representative of the CHA Association requested that the time of 72 hours should be taken as 72 working hours for which the Custodian replied that the same was not possible. The Chair suggested that if the work is done faster, the incidence of dwell time can be reduced to a great extent. The representative of GMR informed that on an average about 300 to 350 bills are presented every day for examination. Out of these only 28% get cleared within the free time and the remaining 72% get clearance after the dwell time of 72 hours.

The Chair further added that a person who air lifts the cargo will not like the same to be held up for a number of days and pay heavy demurrage. If the goods are not examined in time, the responsibility is with the Customs Department. If the Bill of Entry is filed after the expiry of the dwell time, then the responsibility is not on the Customs.

ADC (ACC) explained that usually the importer/CHA takes about 4 to 4.5 days to file the Bill of entry and 2 to 2.5 days for payment of duties. Assessment is usually completed in about 1.5 days and examination takes one more day and also informed that the delay is due to the filing of the bill of entry. ADC (ACC) further informed that the dwell time has come down from 13 to 9 days. The representative of the CHA informed that most of the Pharma Bills are
referred to the Assistant Drug Controller and therefore one more day is consumed on this count, increasing the dwell time to more than 9 days. The representative further informed that the major importers are clearing the goods faster and it is only the medium and small importers who usually take more time.

The representative of CWC/CFS informed that the Liner is not making the details of the LCL Cargo available in time to the CHA and therefore the filing of BE is delayed. The Chair wanted to know as to why the Liner is unable to furnish the required information and directed the authorities to study the matter whether the Liner can be penalized for the same. The CHA representative informed that the LCL Cargo arrives by road through Chennai and they will not know the details of the Cargo till the Liner informs them. The Chair then mentioned that the LCL Cargo is easily identifiable as the details will have the container number.

The representative of GMR informed that the Liner hands over the cargo to the respective consolidator, who in turn files the BE. Therefore the time gap details are not available in respect of handing over of cargo and filing of the BE for LCL Cargo. ADC then suggested that the CAFAC should discuss the matter and also suggested for discussion of about 15-20 minutes exclusively for dwell time from the next meeting onwards. The representative of GMR informed that some of the CHAs are being informed well in advance of the examinations to be done on the next day and requested the CHA representative to inform all other CHAs so that the examination can be completed expeditiously and therefore the demurrage charges will also come down. The Chair then mentioned that the CHA should discuss the matter and also suggested for discussion of about 15-20 minutes exclusively for dwell time from the next meeting onwards.

ADC informed the meeting that letters were addressed to the members concerned with respect to points 8 to 13 of the minutes of the PTFC dated 30.08.2011. However, replies from them are yet to be received.

6. With respect to pending points submitted by the CHA Association, vide their letter dated 19.08.2011, ADC, took up the same for discussion.

i) Point No.1: The Chair directed that the printers should be supplied by the Custodian and maintained properly to avoid repetitive complaints from the CHAs, importers and exporters.

ii) Point No.3: Issue resolved. The representative of GMR informed that they are issuing a Vehicle Check Ticket (VCT) wherein short receipt/damage of the goods if any of the consignment, will be mentioned. The representative of GMR further informed that in the segregation report, the weighment of the goods is reported, which was not being done earlier. The representative of the CHA Association appreciated the action of mentioning of weighment of goods in the segregation report before the examination is carried out. ADC was appreciative of the fact that the PTFC meeting has helped out in ironing of a lot of problems and the Chair also expressed the same.

iv) Point No.4: With reference to E-Payment of duty, the CHA Association wanted a session to be held during the proposed meeting conducted by them on the 11th and 12th of October, 2011. ADC suggested that a separate meeting be held in this regard and informed that the Department will address the FIEO/CHA Association so that the meeting can be held in the presence of the importers and the exporters.


8. With respect to the points submitted by Pharmexcil vide letter dated 29.08.2011: Reply will be submitted shortly.
9. Fresh Points submitted by M/s Board of Airlines Representatives: (through E-mail dated 29.08.2011)

Point No.1 It is informed that the amendments are now taking lesser time. ADC (ACC) wanted to know why the amendments are being sought for. Whenever a query is raised, the replies are not forthcoming in time and when they do come, they are incomplete, vague and create confusion. Therefore ADC (ACC) requested to furnish detailed replies to the queries raised, so that the amendments can be done faster.

10. Pending Points raised by Shri. Tulasi Prasad, M/s ACAAI, vide E-mail dated 27.08.2011:

i) Manual print permission will be considered on a case to case basis.

ii) DEPB scheme is closed w.e.f. 30.09.2011 and hence issue resolved.

iii) With reference to the electronic messaging between the Custodian and the Customs, M/s GMR intimated that the testing has been done and the Customs are required to update the code of the Custodian. Once it is done, the messaging in EDI will be functioning.

11. ADC informed that though the CMC has been asked to attend the meeting, only a representative from the outsourcing agency was sent and therefore said that a letter will be sent again to CMC in the matter. The Chair informed that he will be speaking to CMC in this regard.

12. Any other issues:

ii) The CHA Association brought up the issue with respect to stacking of containers one over the other, which may sometimes go up to four containers in one column. This type of stacking containers is causing hardship for the Inspectors for examining the Containers and checks their seals. The Chair informed that he will be writing to the custodian, CONCOR in this regard.

v) With reference to allowing the Air Containers, the Chair informed that the Air Containers are not that robust as the sea containers, but the possibility of allowing of Air containers could be explored.. Moreover, the possibility of installing a container scanning machine at ICD and one by GMR at ACC are being considered. The representative of BAR suggested that two levels of screening have to be done; one from the Customs angle and the other from the Airlines angle for ensuring the safety of the goods and the aircraft and the passengers. ADC indicated that the screening at ICD is only of one level and if the container contains some goods which are not visible, and then it is opened for manual examination. The container scanning machine can help in identifying prohibited goods. The Chair stated that there is no problem with sealed containers and the problem may come with respect to the goods exported under export incentive schemes / stuffing of the containers in the ICD. In such cases the Officer is at risk and so the screening/scanning machine will be helpful. ADC (ACC) stated that de-stuffing of the containers will not be necessary with the introduction of the container screening/scanning machines.

vii) M/s GMR discussed the issue of service providers for safeguard of documents. The chair explained that the custodian first come up with the details of their documents outsourced so that it can be referred to the Board in this regard, as this is a policy matter.

viii) M/s CONCOR requested for destruction of time expired cargo, more specifically juices/energy drinks and sought for permission. Since the representative of CONCOR was not available, the matter could not be discussed and therefore it is postponed for the next meeting.
ix) The representative of BAR wanted the presence of the Customs Department for their monthly meeting (CAFAC) which is held every 3rd Thursday of the month. The Chair gave suitable directions.

Shri Sanjay Rathi exhorted the participants to send points for discussion for the next meeting well in advance in writing. Finally, the Chair thanked all the participants for their participation and informed that the next PTFC meeting would be held on 21st November 2011 at 11.30 A.M.

(P.N RAO)
COMMISSIONER

Copy submitted to
The Chief Commissioner of Customs, Central Excise, Hyderabad Zone.

Copy to
The Additional Commissioner of Customs, ICD/ACC/Airport
The Deputy Commissioner of Customs, ICD, Sanath Nagar, Moosapet, Hyderabad 500 018
The Assistant Commissioner of Customs, Air Cargo Complex, Shamshabad 501 218, Hyderabad
The Superintendent of Customs, SIIB, Hqrs. Office.

1. M/s GMR Hyderabad International Airport Ltd., Business Development, Shamshabad 500 409, Hyderabad
2. M/s Bulk Drug Manufacturers Association, C-25, Industrial Estate, Sanath Nagar, Hyderabad- 500 018
3. M/s Association of Multimodal Transport Operators of India, CKB 20, Raja Bahadur Mansion, Ambalal Doshi Marg, Fort, Mumbai-400 001
4. The Branch Manager, State Bank of Hyderabad, Cargo Terminal Branch, Air Cargo Complex, Shamshabad 501 218, Hyderabad.
5. The Branch Manager, Indian Bank, 5-123, Sree SV Sai Sreenivasam Residency, Moosapet, Sanath Nagar, Hyderabad 500 018.
7. The Deputy Commissioner of Police, Immigration, Rajiv Gandhi International Airport, Hyderabad PIN 501 218.
8. The Deputy Drug Controller, Unit no. 18, II Floor, Air Cargo Complex Satellite Building, Shamshabad 501 218, Hyderabad.
9. The Port Health Officer, Air Cargo Complex Satellite Building, Shamshabad -501 218, Hyderabad.
10. The Plant/Animal Quarantine Officer, Air Cargo Complex Satellite Building, Shamshabad - 501 218, Hyderabad.
11. Federation of Indian Exporters Organization, Shakar Bhavan, 5-10-174, Fateh Maidan Road, Hyderabad - 500 004.
12. M/s APTPC, Shakar Bhavan, 5-10-174, Fateh Maidan Road, Hyderabad - 500 004.
14. M/s BATCO, CFS, 6-3-248/A, 5E, Maruthi Heights, Banjara Hills, Road no. 1, Hyderabad- 500 034.
15. The Manager, M/s CWC, CFS, Kukatpally- IDPL Road, P.O. Balanagar Township, Kukatpally, Hyderabad 500 037.
18. Officer, NIC, Air Cargo Complex, Shamshabad - 501 218, Hyderabad.
19. Officer, NIC, Inland Container Depot, Sanath Nagar, Moosapet, Hyderabad- 500 018.
22. The Board of Airlines Representatives, No. 15 & 16, I Floor, Air Cargo Complex, Shamshabad 501 218, Hyderabad.
23. M/s CMC Limited, 7th Floor, Posnett Bhavan, Ramkote, Hyderabad.