

# Module 5: Trade Operations and Documentations

## Online Session 5/6

Procedure for clearance of export – import cargo; Duty assessment and payment of import cargo

**Six Months Certificate Training Program on “Agri-Export and Import Management”**

**Speaker:** Dr Raosaheb R Mohite, Agri-Value Chain Expert - GFFM Group, Bangalore

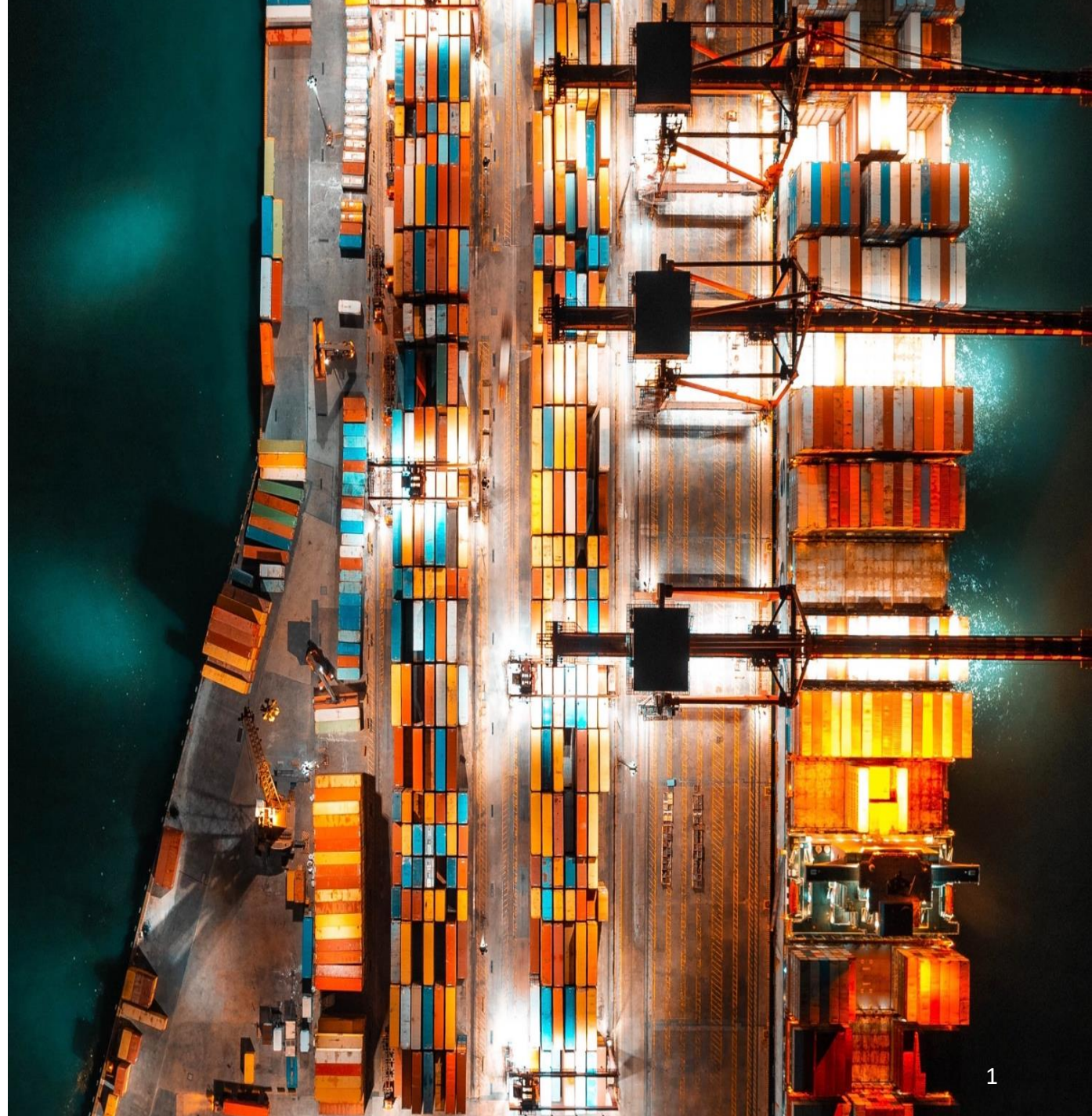
**Organized By:** “Indo-German Cooperation Project on Agricultural Market Development”

**Knowledge Partner:** CCS National Institute of Agricultural Marketing

**Supported by:** Agricultural and Processed Food Products Export Development Authority

Date: 14 February 2023 | Time: 19:00 – 20:30 Hr

14 Feb 2023



## Module 5: Session 3: Drafting an export sales contract; Negotiating suitable INCO Terms



<b>Session 1</b>	Step by Step Process of getting started in Export – Import
<b>Session 2</b>	Clear understanding of export – import documentation
<b>Session 3</b>	Drafting an export sales contract; Negotiating suitable INCO Terms
<b>Session 4</b>	Getting tuned to Operational issues in international business
<b>Session 5</b>	Procedure for clearance of export – import cargo; Duty assessment and payment of import cargo
<b>Session 6</b>	Export clearance and Incentive assessment

Procedure for clearance of export – import cargo; Duty assessment and payment of import cargo  
(निर्यात-आयात कार्गो की निकासी की प्रक्रिया; शुल्क निर्धारण और आयात कार्गो का भुगतान)

# Structure of Presentation

- Steps in Export and Import from India
- Custom Clearance – Details
  - EDI and Non-EDI Ports
- Specialized schemes
- Factors Impacting Customs Clearance
- Rules Regulations and Policies
- Documents generally required
- Basic Duty
- Other Duties
- Anti Dumping Duty

# Formalities to undertake by exporter/ importer or his agent in clearance of export goods

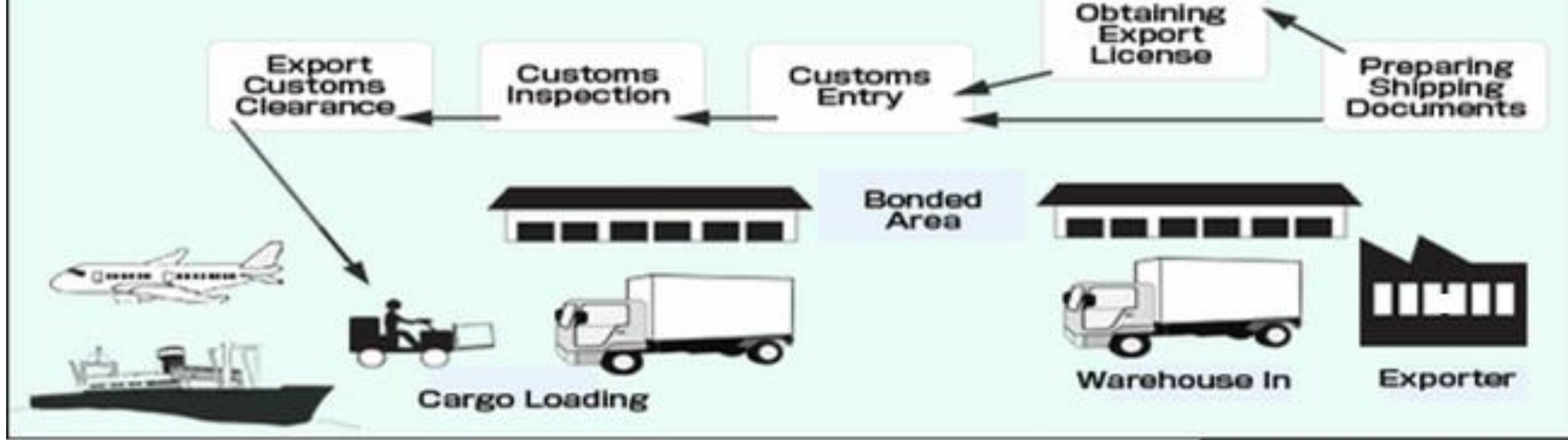
- **Exports:**

- The exporters have to obtain PAN based Business Identification Number(BIN) from the Directorate General of Foreign Trade (DGFT) prior to filing of shipping bill for clearance of export goods.
- And pay the required GST charges, as per regulation, as per declared value of the cargo.

- **Imports:**

- All goods imported into India have to pass through the customs procedure - for proper examination, appraisal, assessment and evaluation – which helps the customs to charge the proper tax and also check illegal import.
- No import is allowed in India if the importer doesn't have the IEC number issued by the DFGT. If the goods are imported for the personal use, there is no requirement of IEC number.

# CUSTOMS CLEARANCE - EXPORTS



<https://digitalexim.com/an-essential-step-to-make-custom-clearance-easy/>

# Exporting from EDI and Non-EDI Ports

- **Exports from Non EDI ports**
  - An exporter would be able to file his application on DGFT website at <http://dgft.gov.in/>.
  - Applicant will then submit to concerned RA (Registration Authority) the hard copy of application along with requisite documents.
  - Authorisation/ Scrip shall be issued on the basis of hard copies of documents as prescribed in HBP (Handbook of Procedures) after due scrutiny.
- **Exports from EDI ports**
  - Applications relating to exports from EDI ports will be filed online as per relevant provisions.
  - Physical or Hard copy of the following documents shall not be required to be submitted:
    - (i) Applications to DGFT
    - (ii) EDI shipping bills
    - (iii) Electronic Bank Realisation Certificate (eBRC)
    - (iv) RCMC

**Electronic Data Interchange (EDI)** is generically defined as the computer-to-computer exchange of business information through standard interfaces

The Indian Customs EDI System (ICES) is now operational at **245 major customs locations** handling nearly 98 per cent of India's international trade in terms of import and export consignments

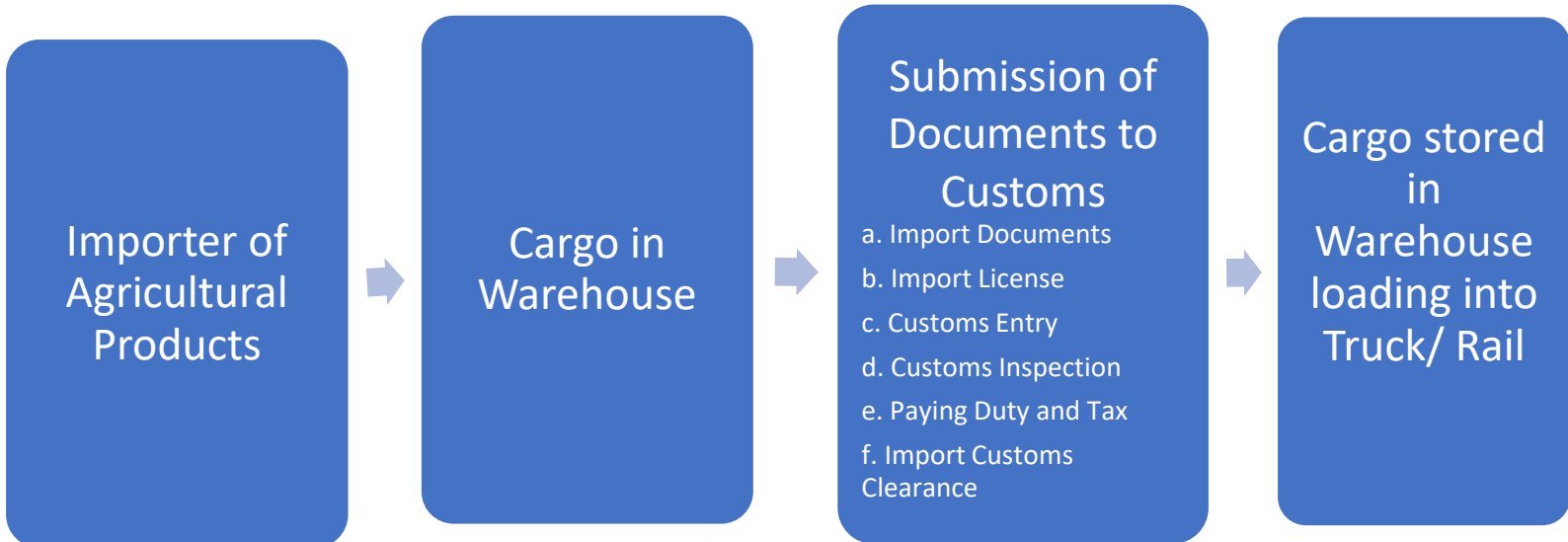
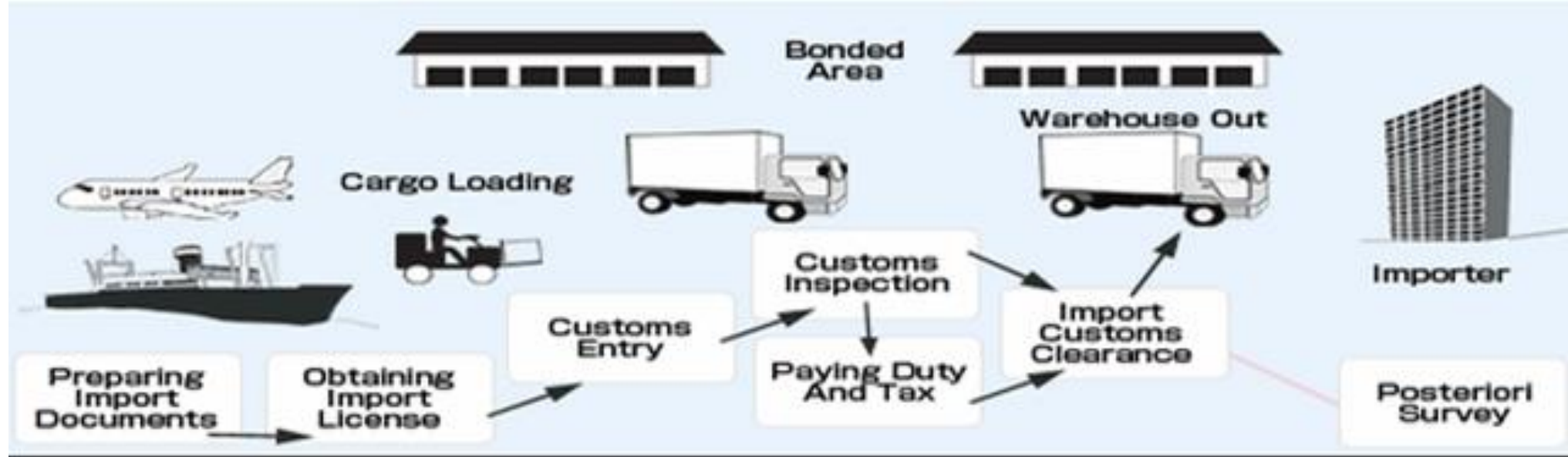
# Steps in Clearance of Exports

1. Registration:
2. Processing of Shipping Bill - Non-EDI:
3. Processing of Shipping Bill - EDI:
4. Octroi procedure, Quota Allocation & Other certification for Export Goods:
5. Arrival of Goods at Docks:
6. System Appraisal of Shipping Bills:
7. Status of Shipping Bill:
8. Customs Examination of Export Cargo:
9. Variation Between the Declaration & Physical Examination:
10. Stuffing/ Loading of Goods in Containers
11. Drawal of Samples:
12. Amendments:
13. Export of Goods Under Claim for Drawback:
14. Generation of Shipping Bills:
15. Export General Manifest:

<http://www.eximguru.com/exim/indian-customs/customs-manual/procedure-for-clearance-of-imported-and-export-goods.aspx>



# Customs Clearance - Imports



<https://digitalexim.com/an-essential-step-to-make-custom-clearance-easy/>

# Steps in Clearance of Imports

1. Bill of Entry – Cargo Declaration:
2. Assessment:
3. EDI Assessment:
4. Examination of Goods:
5. Green Channel facility:
6. Execution of Bonds:
7. Payment of Duty:
8. Amendment of Bill of Entry:
9. Prior Entry for Bill of Entry:
10. Mother Vessel/ Feeder vessel:
11. Specialised Schemes:
12. Bill of Entry for Bond/  
Warehousing:

# Details of Custom Clearance

- Custom clearance is one of the important processes in any export import business.
- Customs:
  - It is a government department that implements policies related to import and export.
- Custom clearance:
  - It is a document which is issued by the customs authorities to a shipper that indicates all the duties have been paid and the goods are cleared to export.

Further Reading: An Essential step to make Custom Clearance Easy, by [Kavit Shah](#)

# Details of Custom Clearance:

1. Every international ocean shipment must meet the customs clearance in each country.
2. Custom clearance procedure works include 'formation and submission of documentation' needed to help export or import procedure into the country.
3. The importer or exporter should have to submit valid documents to clear the custom clearance procedure successfully.

# Details of Custom Clearance in India:

## 1. Calling of Vessels-

- The person who carried the vessel (Ship Captain/ Chief Mate) should make sure that the calling of vessels is done at the customs port after reaching the country.

## 2. Bill of Entry-

- The customs officer will be assigned to check the paperwork of the desired shipment. The customs officer will make a bill in 4 copies.

## 3. Modification to Bill of Entry-

- After the first process the duty of a customs officer will be to check whether there would be any alteration required.

## 4. Green Channel Facility-

- This ensures that there will be no need for routine examination procedures for checking of goods.

An Essential step to make Custom Clearance Easy, by [Kavit Shah](#)

# Process of Custom Clearance in India:

## 5. Payment-

- All the importer and exporters have to pay the duty through TR-6 challans.

## 6. Shipping Bill-

- The bill of entry will be valid if the goods have arrived 30 days before the actual date of presentation of the shipping bill.

## 7. Custody of Custodian-

- After the ship arrives the goods remain in the custody of the Custodian until it clears the customs process.

## 8. Bill of Entry for warehousing-

- There is a different bill of entry for customs clearance of goods for warehousing procedure.

**TR-6 challan** is used for payment of any amount under accounting code given in accounting directory related to customs duty assessments; say customs duty, MOT (Merchant Overtime fee) etc

- Prior Entry for Shipping Bill or Bill of Entry:
  - For faster clearance of the goods, provision has been made to allow filing of bill of entry prior to arrival of goods.
  - This bill of entry is valid if vessel/ aircraft carrying the goods arrive within 30 days from the date of presentation of bill of entry.

## 9. Delivery of Goods-

- After showing the custom clearance to the port authority the importer can take the delivery of the goods

# Specialized Schemes

- **Specialized Schemes:**

- Import of goods under specialized scheme such as DEEC (Duty Exemption Scheme) and EoU etc is required to execute bonds with the custom authorities.
- In case failure of bond, importer is required to pay the duty leviable on those goods.
- The amount of bond would be equal to the amount of duty leviable on the imported goods.

- The bank guarantee is also required along with the bond - the amount of bank guarantee depends upon the status of the importer like Super Star Trading House/ Trading House etc.

- **Bill of Entry for Bond/ Warehousing:**

- A separate form of bill of entry is used for clearance of goods for warehousing.
- Assessment of this bill of entry is done in the same manner as the normal bill of entry and then the duty payable is determined.



# Factors Impacting Customs Clearance:

## 1. Nature of Cargo:

- While exporting food products to any country, then one must have safety and quality assurance and certification requirements from both the countries.

## 2. Free Trade Agreements:

- If the product falls under free trade agreement, one will need to produce a certificate of origin (COO) as a proof.

## 3. Digital Customs:

- It is important to know about the EDI (electronic data interchange) system used for the customs clearance process and other activities (done digitally).

# Rules Regulations and Policies:

1. Every country annually publishes its foreign trade policy (FTP), under which goods and services can be exported or imported.
2. Cargo imported into the country are customs bonded under custom jurisdiction until it is released after clearance.
3. It requires the trader to file all the paperwork, licenses, and certificates for the accurate and complete submission.
4. No vessel/ aircraft can leave a customs station unless a written order for port clearance is given by a customs officer.
5. The commercial invoice is most important because it lists the contact information for the suppliers, receiver, export data, and airway bill.

# Documents generally required in the non-EDI system along with the bill of entry filed by the importer or representative

- Signed invoice
- Packing list
- Bill of Lading or Delivery Order/  
Airway Bill
- GATT declaration form duly filled in
- Importers/ CHA's declaration
- License wherever necessary
- Letter of Credit/ Bank Draft/  
wherever necessary
- Insurance document
- Import license
- Industrial License, if required
- Test report in case of chemicals
- Adhoc exemption order
- DEEC (Duty Exemption Entitlement Certificate) Book/  
DEPB (Duty Entitlement Passbook Scheme (DEPB) in  
original
- Catalogue, Technical write up, Literature in case of  
machineries, spares or chemicals as may be applicable
- Separately split up value of spares, components  
machineries
- Certificate of Origin (COO), if preferential rate of duty  
is claimed
- No Commission declaration

# Basic Customs Duty

- Basic customs duty levied u/s 12 of Customs Act i
- Countervailing Duty (CVD)
  - CVD equal to excise duty is payable on imported goods u/s 3(1) of Customs Tariff Act to counterbalance impact of excise duty on indigenous manufactures, to ensure level paying field.
  - CVD is payable equal to excise duty payable on like articles if produced in India. It is payable at effective rate of excise duty.
- CVD is payable on assessable value plus basic customs duty.
- In case of products covered under MRP provisions, CV duty is payable on MRP basis as per section 4A of Central Excise.

# Tariff on imported agricultural products in India

- Maize attracts 50 per cent import duty (2020)
- To help poultry feed industry the Gol announced a special tariff of 15% on import of 5 lakh tons of Maize
- Custom Import Duty on Processed Food (HS CODE 98051000):29.5%
  - Prepared Or Preserved Meat Fish And Vegetables; dairy Products; Soup; Lard; Fresh Fruits
- The basic customs duty on refined varieties of palmolein and refined palm oil is 12.5 per cent, while social welfare cess is 10 per cent. So, the effective duty is 13.75 per cent.
- For refined soyabean and sunflower oil, the basic customs duty is 17.5 per cent and taking into account 10 per cent social welfare cess, the effective duty comes to 19.25 per cent.

# CVD

- CVD can be levied only if there is 'manufacture'.
- CVD is neither excise duty nor basic customs duty. However, all provisions of Customs Act apply to CVD.
- **Special CVD**
  - is 4% on imported goods u/s 3(5) of Customs Tariff Act. This is in lieu of Vat/sales tax to provide level playing field to Indian goods.
  - CVD is not payable if goods are covered under MRP valuation provisions.
  - Education Cess of 2% and SAH (Secondary and Higher) Education cess of 1% is payable (since then it is changed to Health and Education Cess at 4% including surcharge, 2018)

# Other duties

- **Other duties**
- NCCD has been imposed on a few articles. In addition, on certain goods, anti-dumping duty, safeguard duty, protective duty etc. can be imposed.
- Cess is payable on some goods imported/ exported.
- Safeguard duty can be imposed if large imports are causing serious injury to domestic industry.
- In addition, product specific safeguard duty on imports from China can be imposed

# Anti dumping duty

- Dumping is unfair trade practice and the anti-dumping duty is levied to protect Indian manufacturers from unfair competition.
  - Antidumping duty is leviable u/s 9A of Customs Tariff Act when foreign exporter exports his good at low prices compared to prices normally prevalent in the exporting country.
  - Margin of dumping is the difference between normal value (i.e. his sale price in his country) and export price( price at which he is exporting the goods).
  - Price of similar products in India is not relevant to determine 'margin of dumping'.
  - 'Injury margin' means difference between fair selling price of domestic industry and landed cost of imported products.



# Anti dumping duty

- Benefits accruing to local industry due to availability of cheap foreign inputs is not considered - this is a drawback.
- CVD is not payable on antidumping duty.
- Education cess and SAH education cess is not payable on anti-dumping duty.
- In case of imports from WTO countries, antidumping duty can be imposed only if it causes material injury to domestic industry in India.
- Dumping duty is decided by Designated Authority after enquiry and imposed by Central Government by notification.
- Provisional antidumping duty can be imposed. Appeal against antidumping duty can be made to CESTAT (Customs Excise and Service Tax Appellate Tribunal) .



# Shortage of Containers and High Surcharges

- As the demand for maritime transport has exceeded forecasts,
  - unexpected logistical obstacles, unreliable sailing schedules, bottlenecks & port congestion push up surcharges in particular: demurrage & detention expenses.
- In April 2022, there were 1,826 containers, or 20% of the world's fleet, waiting to dock at ports
  - as a result, some demurrage charges have increased from USD 20 to USD 200 while others moved from USD 200 to USD 700.
- In this context, CMA CGM implemented a new surcharge of
  - USD 1,000 per container in the peak season as of 15 May 2021 for reefer cargoes (from Morocco to all US destinations).
  - similarly, a surcharge of USD 250 for reefer containers departing from Morocco to Asia and West Africa.

# Export Reefer Repositioning

OT = OpenTop

RF = Refrigerated

FR = FlatRack

## EMPTY REPOSITIONING COST FOR SPECIAL EQUIPMENT W.E.F 01ST JANUARY 2023

From	To	ZONE	20 OT	40' OT	20 FR	40' FR
			(INR)	(INR)	(INR)	(INR)
Aurangabad	Nhavasheva	Z1	20,000	35,000	NO SERVICE	NO SERVICE
Dhanand	Nhavasheva	Z1	25,000	40,000	NO SERVICE	NO SERVICE
Hyderabad	Nhavasheva	Z1	20,000	35,000	NO SERVICE	NO SERVICE
Mandidip	Nhavasheva	Z1	25,000	40,000	NO SERVICE	NO SERVICE
Nagpur - Borkhedi	Nhavasheva	Z1	25,000	40,000	NO SERVICE	NO SERVICE
Nagpur - Wardha	Nhavasheva	Z1	25,000	40,000	NO SERVICE	NO SERVICE
Nagpur-Mihan	Nhavasheva	Z1	25,000	40,000	NO SERVICE	NO SERVICE
Naya Raipur	Nhavasheva	Z1	25,000	40,000	NO SERVICE	NO SERVICE
Tihi	Nhavasheva	Z1	25,000	40,000	NO SERVICE	NO SERVICE
Ankleshwar	Nhavasheva	Z2	20,000	30,000	NO SERVICE	NO SERVICE
Dashrath	Nhavasheva	Z2	20,000	30,000	NO SERVICE	NO SERVICE
Kandla	Mundra	Z2	10,000	15,000	NO SERVICE	NO SERVICE
Khodiyar/Sanand	Nhavasheva/Mundra/Pipavav	Z2	20,000	35,000	NO SERVICE	NO SERVICE
Sachana	Mundra/Pipavav	Z2	25,000	40,000	NO SERVICE	NO SERVICE
Tumb	Nhavasheva	Z2	25,000	40,000	NO SERVICE	NO SERVICE
Viramgam	Nhavasheva/Mundra/Pipavav	Z2	25,000	40,000	NO SERVICE	NO SERVICE
Agra	Nhavasheva	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Bawal	Mundra / Pipavav	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Dadri	Nhavasheva/Mundra/Pipavav	Z3	20,000	35,000	25,000	40,000
Dapper	Nhavasheva/Mundra/Pipavav	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Delhi/Tughlakabad	Nhavasheva/Mundra/Pipavav	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Faridabad -ACTL	Nhavasheva/Mundra/Pipavav	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Faridabad -Piyala	Nhavasheva/Mundra/Pipavav	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Garhi Harsaru	Nhavasheva/Mundra/Pipavav	Z3	25,000	40,000	25,000	40,000
Jaipur	Nhavasheva/Mundra/Pipavav	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Jodhpur	Mundra/Pipavav	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Kanpur	Nhavasheva	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Kanpur - Panki	Nhavasheva	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Kashipur	Mundra/Pipavav	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Kathuwas	Mundra/Pipavav	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Kota	Mundra	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Loni	Mundra/Pipavav	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Ludhiana - Chawa	Mundra/Pipavav	Z3	25,000	40,000	25,000	40,000
Ludhiana - Dhandarikalan	Nhavasheva/Mundra/Pipavav	Z3	25,000	40,000	NO SERVICE	NO SERVICE
Ludhiana - Kila Raipur - Hind Terminal	Mundra/Pipavav	Z3	25,000	40,000	NO SERVICE	NO SERVICE



**EXPORT REEFER TARIFF-W.E.F 01ST JANUARY 2023 TO 31ST MARCH 2023**



	40' RH	20' RF
<b>MERCHANT HAULAGE - CAR45</b>	INR.	INR.
Empty picked up from port and handover to ICD for loading from Nhavasheva/Mundra/Pipavav	7,950	5,450

Empty picked up from ICD Kanpur and handover at ICD Kanpur for loading fm Nhavasheva/Mundra/Pipavav	42,450
Empty picked up from ICD Dadri handover at ICD Dadri for loading fm Nhavasheva/Mundra/ Pipavav	38,450
Empty picked up from ICD Chawapail (Ludhiana) handover at ICD Chawapail (Ludhiana) for loading fm Nhavasheva/Mundra/ Pipavav	39,450
Empty picked up from ICD Sonipat handover at ICD Sonipat for loading fm Nhavasheva/Mundra/ Pipavav	42,450
Empty picked up from ICD Palwal handover at ICD Palwal for loading fm Nhavasheva/Mundra/ Pipavav	38,450

<b>CARRIER HAULAGE - CAR00</b>	INR.
Empty picked up from ICD Dadri and handover at ICD Dadri for loading fm Nhavasheva	1,45,000
Empty picked up from ICD Dadri and handover at ICD Dadri for loading fm Mundra	1,42,500
Empty picked up from ICD Dadri and handover at ICD Dadri for loading fm Pipavav	1,37,400
Empty picked up from ICD Kanpur and handover at ICD Kanpur for loading fm Nhavasheva	1,40,000
Empty picked up from ICD Chawapail and handover at ICD Chawapail for loading fm Mundra	1,47,700

**NOTE:-**

1) DTHC will be additional.

# Demurrage charges

<b>Brand / Trade</b>	<b>Effective date</b>
CMA CGM, ANL-All Trades	20 <sup>th</sup> January 2022

Revised Export Demurrage applicable will be as follows:

GENERAL				
CMA - CGM				
Period	Currency	20'	40'	45'
Free days		0 Days	0 Days	0 Days
1 to 17 days	USD	35	70	70
18 to 24 days	USD	65	130	130
25 days onwards	USD	82	164	164

**\*\*Charges are applicable per day**

SPECIAL				
CMA - CGM				
Period	Currency	20'	40'	45'
Free days		0 Days	0 Days	0 Days
1 to 17 days	USD	55	110	110
18 to 24 days	USD	79	158	158

# Terminal Handling Charges (THC)

- (1) All surcharges related to Reefer and Haz cargo payable to the port.
- (2) Berth used cannot be predicted; all surcharges related to reefer and Haz cargo
- (3) Reefer accepted 3 days before cut off; if containers are returned earlier additional
- (4) \*Kolkata & Haldia - HAZ & Reefer THC = Dry THC + Electricity, Haz & Fireman charges
- (5) \* Vizag – EXPORT : “HAZ REFEER THC tariff as INR 20380/20’ & INR 31100/40’.

IMPORT : “HAZ REFEER THC tariff as INR 20800/20’ & INR 31820/40’.

Additional Charges are applicable for:

OOG/ODC CARGO

REEFER HAZ CARGO

CFS STUFFING CHARGES

PORT STORAGE WHEN APPLICABLE

# Terminal Scanning Charges and Customs Permission Charges



<b>Scanning Tariff (Nhava Sheva, Mundra, Pipavav )</b>	<b>Effective 19th Jan 2023</b>	
<b>Nhava Sheva (All Terminals)</b>		
<b>Charge Head</b>	<b>20</b>	<b>40</b>
Terminal Scanning Charges (INR )	4500	7250
Customs Permission / Liaisoning (INR)	1500	1500
<b>Port Ground Rent</b>	<b>20</b>	<b>40</b>
First 5 days free	Nil	Nil
Beyond 5 days	At actuals	At actuals
<b>Mundra (All Terminals)</b>		
Terminal Scanning Charges (INR )	3000	4000
Lift on @ Adani Exim CFS (INR)	1112	1602
Lift off @ Adani Exim CFS (INR)	1112	1602
Custom Permission / Liaisoning (INR)	1500	1500
<b>Port Ground Rent ( USD )</b>		
First 10 days Free	Nil	Nil
11-15 days	USD 4	USD 8
16-30 days	USD 9	USD 18
Over 30 days	USD 18	USD 36
<b>Pipavav (All Terminals)</b>		
Terminal Scanning Charges (INR )	USD 48	USD 64
First 10 days	Free	Free
11-22 days	USD 3.5	USD 6.5
23-45 days	USD 6.5	USD 13
Thereafter	USD 13	USD 26



# Ocean Freight

India to Saudi Arabia  
Nhava Sheva to Jebel Ali

15 Feb 2023 B/L

6 Days

21 Feb 2023 Unloading

Solutions Track a shipment Contact Us Sign In

15 Feb - 21 Feb 6 days Cheapest Earliest INR 64,740 SELECT

15 Feb - Nhava Sheva 6 days

21 Feb - Jebel Ali DP World Terminal

Bill of Lading	3,750
MANDATORY USAGE CHARGES	170
SEAL CHARGES	750
Org. Terminal Handling - Carrier	9,350
TOLL CHARGES	495
INFRASTRUCTURE DEVELOPMENT CESS LOAD	25
OCEAN FREIGHT EXPORT	50,200
Total	64,740

19 Feb - 23 Feb 4 days Cheapest Fastest INR 64,740 SELECT

23 Feb - 28 Feb 5 days Cheapest INR 64,740 SELECT

<https://www.cargoes.com/search-result/BTEBRID>

Thank you

14 Feb 2023

Getting tuned to Operational issues in international business

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