TIME RELEASE STUDY 2020

AIR CARGO COMPLEX, SAHAR

Mumbai Customs Zone - III

CENTRAL BOARD OF INDIRECT TAXES AND CUSTOMS

Based on the World Customs Organisation’s Guide to Measure the Time Required for the Release of Goods, Version 3, 2018
Productivity is never an accident. It is always the result of a commitment to excellence, intelligent planning and focused effort.

— PAUL J. MEYER
<table>
<thead>
<tr>
<th>NO.</th>
<th>SECTION</th>
<th>PAGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Executive Summary</td>
<td>8</td>
</tr>
<tr>
<td>2</td>
<td>Imports: Scope and Methodology</td>
<td>16</td>
</tr>
<tr>
<td>3</td>
<td>Analyses of Import Release Time</td>
<td>25</td>
</tr>
<tr>
<td>4</td>
<td>Pre-Arrival Processing</td>
<td>29</td>
</tr>
<tr>
<td>5</td>
<td>Risk-Based Facilitation and Interdiction</td>
<td>35</td>
</tr>
<tr>
<td>6</td>
<td>Importer Status</td>
<td>39</td>
</tr>
<tr>
<td>7</td>
<td>Role of Participating Government Agencies</td>
<td>46</td>
</tr>
<tr>
<td>8</td>
<td>Stage-wise and Load Analysis</td>
<td>50</td>
</tr>
<tr>
<td>9</td>
<td>The Long Tail: What is the Cause?</td>
<td>55</td>
</tr>
<tr>
<td>10</td>
<td>Conclusions and Recommendations</td>
<td>57</td>
</tr>
<tr>
<td>11</td>
<td>Exports: Scope and Methodology</td>
<td>60</td>
</tr>
<tr>
<td>12</td>
<td>Analyses of Export Release Time</td>
<td>64</td>
</tr>
<tr>
<td>13</td>
<td>Conclusions</td>
<td>69</td>
</tr>
</tbody>
</table>
MESSAGE

It gives me great pleasure to know that India’s largest air cargo-Mumbai has undertaken its first formal exercise of a comprehensive Time Release Study 2020. This is in line with Article 7.6.1 of the World Trade Organization’s (WTO) Trade Facilitation Agreement (TFA) “Members are encouraged to measure and publish their average release time of goods periodically and in a consistent manner, using tools such as, inter alia, the Time Release Study of the World Customs Organization”. The methodology adopted to measure time stamps and draw inferences in this study are broadly in sync with WCO’s Guide to Time Release Study.

The significance of TRS lies in measuring our own performance at regular intervals of time in a transparent and consistent manner by subjecting ourselves to evaluation and sharing the results in the public domain. The highlight of the Time Release Study is that we state our limitations as much as other stakeholder’s performance and draw contours for improving in the ensuing period. These results in the public domain helps industry to factor in commercial imperatives and plan their supply chain movement at a reduced cost and time.
This TRS has been undertaken during challenging times despite the constraints posed by covid-19. A dedicated team of officers including young Assistant Commissioners from CGST who had willingly volunteered in this exercise took part in this exercise. Such commitment shows the deep involvement of officers in showcasing our departmental achievements and facilitation levels.

Further, this study covers sufficiently a large representative import and export declarations pertaining to seven days in a fairly automated clearance environment and is being released appropriately in e-format through virtual conference as per the needs of the time. The study has presented a wealth of statistical evidence highlighting the critical role of pre-arrival processing, higher degree of risk-based facilitation, and coordinated border management. The TRS report is yet another testimony and outcome of the synergy that exists between Customs, Partner Government Agencies and all our stake holders. The gaps that have been acknowledged and issues that remain unaddressed in the present TRS will be a focus area for the next TRS.

I am happy to note that the analysis shows an average import release time for the period under study to have improved by about 10 hours in comparison to the corresponding period of the last year while on the export side the release time is 24 hours. In our endeavour to meet the timelines set under National Trade Facilitation Action Plan 2017-2020 and to further reduce time, our facilitation needs to be scaled up by balancing enforcement imperatives.

I compliment the entire team of officers at ACC, led by Chief Commissioner Ms Rama Mathew for their excellent performance and for bringing out the ACC TRS 2020.

(M. Ajit Kumar)
Chairman
Central Board of Indirect Taxes & Customs
FOREWORD

It is a matter of profound satisfaction that the ACC has conducted its first TRS 2020 covering both imports and exports. The importance of TRS as a strategic tool for guiding trade facilitation initiatives at the ACC for the senior management can hardly be over-emphasised. This study has been conducted as an in-house exercise following the WCO’s TRS guidelines.

CBIC has introduced several trade facilitation measures, including the recently introduced package under the rubric of Turant Customs. These technology-driven measures enable trade and customs brokers to sign up for trust-based AEO programme, entitling them to higher levels of facilitation and avail of pre-arrival processing.

However, as the findings of this study show, there is a significant lack of appetite for adoption of these trust-based initiatives and opportunities for adopting processes that would reduce the release time and improve the efficiency of the logistics chain. These gaps are most starkly reflected in low share of advance bills of entry, a significant number of delayed bills of entry, even at the cost of late filing fees, and delay in payment of duties, etc.

I am sure the senior officers at the ACC will utilise these findings for a deeper engagement with the stakeholders, particularly the customs brokers to further remove any impediments in adoption of the paradigm changing reforms led by CBIC.
I compliment all officers posted at ACC, led by the Commissioners, Shri Vijay Singh Chauhan, Shri Vinayak Azaad and Shri S. Anantha Krishnan for delivering on excellent cargo release performance that has been so well encapsulated in this sleek study report.

I particularly commend the core TRS team led by Shri Vijay Singh Chauhan and comprising Ms. Rhea Joshi, Shri Rahul Dhingra, Ms. Ninika Dhawan and Shri Anuj Jain for this excellent report, which has been made possible because of their commitment to utilise the time available during the COVID 19 driven lockdown.

I also compliment Ms. Rhea Joshi for the compact and beautiful design of this e-TRS.

V. RAMA MATHEW

Chief Commissioner of Customs
The Air Cargo Complex Time Release Study 2020 (hereinafter TRS 2020) has been conducted in compliance of commitment under article 7.6 of the Trade Facilitation Study and expectations under National Trade Facilitation Action Plan 2017-2020 (NTFAP).

This TRS has been conducted following the World Customs Organisation’s (WCO) Guide To Measure The Time Required For The Release Of Goods Version 3, 2018 and taking into account the scope and methodology of Central Board of Indirect Taxes & Customs (CBIC) model TRS as reflected in Jawaharlal Nehru Custom House (JNCH) TRS.

The study covers all cargo presented for import, through filing of bills of entry; and export, through filing of shipping bills, at ACC, Mumbai during the first week of January 2020.

The data for the study have been sourced from the customs automated system of CBIC and IT system of the major custodian at ACC, viz. Mumbai International Airport Limited (MIAL), which provide precise timestamps for the cargo clearance process.

This study has been conducted by a team of officers of CBIC, including officers presently posted at ACC, thereby reflecting high degree of ownership, and presently posted with Central GST
Commissionerate, supplementing the severe shortage of officers and as an effort towards capacity building.

**IMPORTS:**
The study covered 7046 bills of entry filed during the sample period.

**All-in-One Release Time:** The all-in-one average release time for imports at 64.23 hours has improved by more than 10 hours as compared to the corresponding period in 2019 (COPPY). The graph plotting the frequency density of the bills of entry by release time presents a narrow but ‘long tail’.

![Graph showing frequency density of bills of entry by release time]

**Setting the gold standard:** The study recognises the fastest bill of entry, which was cleared with an impressive release time of 0.36 hour, with the objective of highlighting the critical role of pre-arrival processing, enhanced levels of facilitation and trust-based system; and setting benchmarks, with the intention to “nudge” the trade towards adopting best practices.

**Pre-arrival Processing:** The study brought out significant benefit of lower release time for the three categories of bills of entry resorting to various degrees of pre-arrival processing. At the other end of the spectrum, the average release time for delayed bills of entry is about 10 times higher than those where even duty payment was completed before the arrival of the cargo.
The study showed that despite the manifest beneficial impact of pre-arrival processing, normal bills of entry at 70% are a norm at ACC. It also recognises that complete recourse to pre-arrival processing has the ability to place the NTFAP target of 24 hours well within the striking distance.

**Risk-based facilitation and interdiction**: The extant customs clearance process is managed through a sophisticated risk management system (RMS). The study shows that the level of facilitation has increased from about 74% in 2019 to almost 80% in 2020, whereas those involving examination, either under first check or second check, have declined correspondingly. The average release time for fully facilitated bills of entry at 45.13 hours is significantly lower than the overall average release time of 64.23 hours.

**Trust is rewarded**: It has been the constant endeavour of CBIC to promote trust-based customs clearance process, at the heart of which lies the Authorised Economic Operator (AEO) programme, which is one of the commitments under the TFA. The study shows that 86.6% of the AEO bills of entry were facilitated; and the average release time was an impressive 45.39 hours vis-à-vis 78.18 hours for non-AEO bills of entry.

**Familiarity with the process helps**: The study has found the average release time for bills of entry filed by regular importers at 48.5 hours was significantly lower than the average release time of 79.3 hours for bills of entry filed by non-regular importers. Based on
similar findings with regard to regular and non-regular customs brokers, the study emphasises the role that enhanced awareness about the customs clearance procedures can play in improving the release time.

**Non-fiscal concerns consume additional time:** The study found that the bills of entry that were referred to different Participating Government Agencies (PGA), which have joined the SWIFT initiative of CBIC, for ensuring compliance with non-fiscal statutory requirements, involved relatively higher release time of 99.57 hours.

The study noted a significant increase in the number of bills of entry referred to PGAs and more importantly an increase in the average release time of bills of entry marked to each of the PGAs this year vis-à-vis previous year. The study, therefore, calls for greater emphasis on the principles and practices of **coordinated border management** advocated by the World Customs Organisation and a commitment on border agency cooperation under the Trade Facilitation Agreement (TFA).

**The stages that often delay:** The stage-wise analysis, showing the time taken between different events by concerned stakeholders at various sub-stages of customs clearance process, as presented below draw attention to three processes, requiring action at the end of importer/CB, i.e., submission, registration and duty payment, as the predominant causes of delay in clearance.
**EXPORTS:**
Export TRS has covered 8994 shipping bills filed during the study period of January 1-7, 2020 for which data has been obtained from the customs automated system. Additional data in respect of 2347 shipping bills have been obtained from the IT system of the custodian MIAL.

**All-in-One Export Release Time:** The study found that the all-in-one average document release time for exports, calculated as the time taken from the filing of the shipping bill to grant of Let Export Order (LEO), is 23.9 hours.

The median export document release time has been calculated to be 11.9 hours, highlighting the disproportionate impact of the time taken in clearance of smaller number of shipping bills on the average release time, as shown in the graph below:

The study found that the average export release time, calculated on the basis of data available for 2347 shipping bills, defined as the time taken from arrival of the cargo at ACC and departure of flight, is higher at 28.36 hours.

**Risk-based facilitation and interdiction:** The study of 8994 shipping bills show that with RMS fully facilitating 86.1% of shipping bills, the facilitation levels for exports are significantly higher than
imports. However, the difference in the average document release time is not impacted greatly due to interdiction, as shown in the graph below:

**Faster clearance for refrigerated cargo:** ACC Mumbai is a major gateway for export of pharmaceutical and agricultural products, which accounted for about 7% of shipping bills filed during the sample period. The graph below shows that the average export release time for shipping bills of refrigerated products was significantly lower than shipping bills for non-refrigerated products.

**Stage-wise analysis:** The simplistic stage-wise analysis, as presented in the graph below, showing the break-up of the time taken from arrival of the cargo at ACC till grant of LEO and thereafter till departure of flight, shows that 90% of the average release time is accounted for by processes and waiting time after the grant of LEO.
Conclusions: The conduct of the first formal ACC TRS 2020 has been an enriching experience, which has highlighted the present “state of play” and the distance to the NTFAP target release time for air cargo. It is expected that the evidence-based analysis presented in this in-house study will result in a more concerted and coordinated effort at trade facilitation. It is also expected that the wealth of evidence presented in the study will “nudge” the CBs to adopt the technology-driven facilitation initiatives of the CBIC.

***
IMPORTS

Bills of entry cleared within 48 hours displaying the commitment to trade facilitation

60%

Bills of entry received full facilitation without any intervention

67%
This is the first formal Import Time Release Study for Air Cargo Complex, Mumbai. In its scope, methodology and underlying format, it draws inspiration from the JNCH TRS, which has been accepted as the model TRS by CBIC. Therefore, unless a deviation is required for the reasons of this being air cargo, the import TRS has been conducted in a manner to provide for easy comparability with JNCH TRS, which has also provided precedent for the IND-TRS 2019-2020. TRS is a strategic tool to measure the actual time required for clearance of goods with the twin objective of identifying: the bottlenecks in the trade flow process, thereby, guiding policy measures to make these procedures more effective and efficient, and identifying the bills of entry, entailing significant delays, to zero in on the stakeholders who may require a “nudge” or “hand-holding” to adopt and follow more efficient clearance practices.

It further endeavours to assess the impact of recently introduced procedures, technologies, infrastructure and administrative changes. This TRS has attempted stratified analysis involving multiple dimensions of the import clearance process and categories of importers/Customs Brokers (CBs) and other stakeholders, including Authorised Economic Operators (AEOs), participating government agencies (PGA) under SWIFT, the single window facility
of CBIC. Therefore, an extensive analysis of panel data has been undertaken in this study.

The import clearance process at the air cargo complex (ACC) involves distinct “events”, each of which is generally the primary responsibility of one of the stakeholders, even as for their timely completion, active cooperation of other stakeholder(s) may be essential. These events are represented in the panel below. The study also notes that substantial periods of inaction between different “events” contribute in large measure to the release time, which may be even more pronounced in the cases involving very high release time.

This being the first formal ACC TRS, the scope of the study has been admittedly modest. The limited scope is also attributable to severe shortage of officers at the ACC, which has been mitigated by the unbounded enthusiasm of few officers and contributions of few young departmental officers posted with CGST Commissionerate in Mumbai.

In the case of a typical bill of entry, before the introduction of Customs EDI, which enabled pre-arrival and parallel processing,
the sequence of events was as represented above. However, under the present customs clearance process, the above sequence of events can be altered or skipped, depending on various factors. For instance, one of the major trade facilitation initiatives of CBIC has been to enable and encourage the importer or their authorised CB (hereinafter CB) to file the bill of entry (BE) before the arrival of goods, which is generally known as an advance bill of entry. The events are further assigned to the stakeholders, which are quite intuitive. For example, the stakeholder responsible for the submission of Import General Manifest (IGM) is the airlines, electronic submission of the BE, along with self-declaration under section 17 with supporting documents under e-Sanchit is the CB, verification of the details of the self-declaration made in the BE is the Risk Management System (RMS), verification of the self-declared details in the BE in the cases that are not facilitated by the RMS is with the system, payment of duties, as self-assessed or reassessed is with the CB, and examination of goods after registration by the CB, is the joint responsibility of the CBs and the shed officers.

While calculating cargo release time, it is important to decide what should be the unit of cargo — whether it should be shipment, package or bill of entry? In this study, bill of entry has been taken as the unit, for reasons of administrative convenience and consistency with other TRS being conducted, including the JNCH TRS.

**METHODOLOGY**

This TRS is based on electronic data extracted mainly from the customs automated system, and supplemented by data from the custodian viz. Mumbai International Airport Limited (MIAL) and PGAs. Since the customs clearance process requires electronic self-declaration by the CBs and the process is conducted under the customs automated system, every bill of entry and most events are required to be conducted in the electronic environment, bills of entry can be readily categorised and time differences can be ascertained on the basis of precise timestamp.
The basic objective of the TRS is to measure the cargo import release time and present the average release time for all bills of entry covered by the study, and for various categories of bills of entry. The study, in addition, includes a detailed stage-wise analysis to present the average time taken between the different events.

The definition of import release time in this study is consistent with the WCO definition of release time being equal to the arithmetic mean of the time taken between the arrival of cargo at the airport and their final release into the economy, via the standardised system. The precise quantification of the release time based on the aforesaid definition, adopted by this study, is the time taken from the arrival of the aircraft, as captured by the IT system of the custodian, viz. MIAL to the grant of out of charge by customs (OOC), which approximates the release time of cargo, upon completion of all regulatory formalities.

It is clarified that the CB may take some further time before the cargo is actually moved out of the air cargo premises, which is captured by the event of “gate pass” issued by the custodian. Consistent with the JNCH practice and on the ground that the time taken after the grant of OOC till issue of gate pass is not attributable to customs clearance process, this time is not included in the calculation of the release time.

This standard release time definition is applied in respect of both, normal bills of entry, which are filed after grant of entry inwards, as well as advance bills of entry, which are filed before the grant of entry inwards. Thus, in the case of advance bills of entry, the time taken between filing of the advance bills of entry and arrival of the aircraft has been ignored by setting the same to zero in respect of each such bill of entry. Similarly, the time taken in the sub-processes that are fully completed before arrival of the cargo are assumed as zero; and where the process begins before the arrival of the cargo but is completed after the same, only the time taken from arrival of cargo to the completion of the sub-process is taken into account. Furthermore, in the case of air cargo, a given BE may have goods being transported from two or more flights. Therefore, there
can be more than two arrival times for a given BE. In such cases, for the purposes of this study, the earliest arrival time is considered for the simple reason that it presents a more conservative release time data, setting the bar higher.

The customs cargo release process is designed to ensure compliance with both the fiscal and non-fiscal laws of the country. These non-fiscal laws often mandate an agency separate from customs to ensure that all imports of the covered articles are compliant with the said statute. In order to promote Coordinated Border Management, CBIC has introduced Single Window Interface for Facilitating Trade (SWIFT), which has been on-boarded by six Participating Government Agencies (PGAs), namely (i) Food Safety and Standards Authority of India (FSSAI), (ii) Directorate of Plant Protection, Quarantine and Storage (PQIS), (iii) Animal Quarantine and Certification Service (AQ), (iv) Central Drugs Standard Control Organisation (Controller of Drugs), (v) Textile Committee (TC) and Wildlife Crime Control Bureau (Wildlife Control). This TRS has presented the average release time with respect of bills of entry handled by these PGA separately, seeking to ascertain the additional release time that may be involved in ensuring compliance with the concerned non-fiscal statute. It is clarified that the overall import release time subsumes the time taken by the PGA and other government agencies in ensuring compliance with the plethora of non-fiscal statute.

**DURATION OF THE STUDY**

The WCO has recommended time release study, using the data relating to a select period representing “normal” period. The usual frequency of TRS is annual. For this import TRS, the week-long data collection period began from the ringing in of the new year at the midnight of December 31 and January 1, 2020.

All the bills of entry, numbering 7102, filed during the week, i.e., between 01-07 January 2020 (hereinafter referred to as 2020), including both advance and normal bills of entry, constituted the first sample for the study. The bills of entry identified during the sample period were tracked till the end of the data collection period,
viz. 07 February 2020. The data was, thereafter, frozen and taken up for analysis.

While this is the first formal TRS for ACC, certain data was collected for the corresponding period of the previous year (COPPY) for making basic comparison and providing context to this year’s data. The total number of bills of entry filed during the sample period at 7102 showed a 7.8% increase over 6,588 bills of entry filed during the COPPY.

Upon completion of the data collection period, consistent with the JNCH TRS methodology, 56 bills of entry, accounting for 0.78% of the total bills of entry filed, have been excluded for the reasons discussed in the sub-section titled Excluded Bills of Entry. Therefore, 7,046 bills of entry, comprising 99.22% of all bills of entry filed during the sample period, have been considered for calculation of the average release time and further analysis.

**IMPORT PROCEDURE**

The standard import clearance process begins with filing of the Import General Manifest (IGM) by the air lines. However, the Customs Act also allows for electronic submission of bills of entry by the importer or customs broker (CB) on her behalf based on self-assessment up to thirty days in advance of filing of IGM.

Depending on the timing of submission vis a vis filing of IGM, bills of entry can be classified as normal or advance bills of entry. Those filed after the grant of entry inwards, an event with precise timestamp closely approximating the arrival of the cargo at the airport are known as **Normal Bills of Entry**. While the bills of entry filed before the grant of entry inwards, allowing for a certain degree of pre-arrival processing, are called **Advance Bills of Entry**.
The extant provisions of the Customs Act, require the importer or her broker to file electronically self-assessed bills of entry in the customs automated system. These bills of entry, whether normal or advance, are thereafter processed by the Risk Management System (RMS), based on risk parameters. This computerised system determines whether the self-assessment by the importer is to be accepted as such or merits re-verification. In case, the self-assessment is accepted completely, the said bill of entry is categorised as a **fully facilitated bill of entry**. In case of fully facilitated bills of entry, the importer proceeds to make the duty payment and, thereafter, registers the goods for subsequent out of charge. In other cases, the RMS determines that the bills of entry may merit either documentary verification or in certain cases, physical examination by the officer. The entire set of bills of entry selected for re-verification in any manner are categorised as **non-facilitated bills of entry**.

Based on the degree of intervention recommended by RMS for re-verification, the non-facilitated bills of entry can be further subdivided into following sub-categories: (i) those selected for documentary verification only. In this case, no physical examination of goods is prescribed. The import self-declaration is reverified based on additional documents or queries, and thereafter, may be reassessed by the respective assessment group to which it belongs. Upon completion of the assessment process, goods are taken for registration after payment of customs duty. After carrying out a final inspection of documents, the goods are given out of charge by the concerned officer. These bills of entry are called **Second check bills of entry, without examination**; and (ii) In case of certain bills of entry, RMS may prescribe both document-based re-verification and physical examination or only physical examination. In these cases, after the assessment and duty payment is over at the assessment group level, examination of the goods is carried out by
the shed officer. Thereafter, if the goods are found as per declaration by the officer, the subject consignment is given out of charge. These are called **Second check, with examination bills of entry.**

There is a small percentage of special categories of cargo, wherein the importer may not be certain of the correctness of the self-declaration, in such cases the bills of entry undergo a procedure called **first check.** First check may also be recommended by RMS in very few cases, wherein it is of the opinion that assessment cannot be completed without physical examination of the consignment. As the name suggests, the goods are first examined by the officer and based on the report and certain other parameters like test reports, certificates, including by partner government agencies, as applicable, the goods are assessed by the respective assessing groups. After assessment, customs duties are paid and the goods are given out of charge by the concerned officer. These bills of entry are called **first check bills of entry.**

Customs clearance process also requires ensuring compliance with all non-fiscal regulatory requirements, as enjoined by various statutes. The responsibility for ensuring such compliance requires customs to work in coordination with the government agencies, so empowered. In order to streamline the customs clearance process, CBIC has introduced a single window system, called SWIFT for coordinated clearance of bills of entry pertaining to such goods. The role of six Participating Government Agencies (PGA), who have onboarded the SWIFT platform in the clearance of such cargo is crucial. However, in case of compliance with certain other allied laws, different procedures are prescribed, with ultimate responsibility of ensuring their compliance with the customs officers. Clearance for such goods can be under both facilitated as well as second or first check, depending on the conditions imposed on their importability and risk profile. The release time of such bills of entry is expected to be considerably higher in comparison to bills of entry which do not require reports/NOC from PGAs or other regulatory agencies.

Trust-based trade facilitation measures have been adopted by customs administrations across the world. One of the major reforms
in this direction is the concept of Authorised Economic Operators (AEO). The revised AEO programme, launched by CBIC in July 2016, recognises the safe, secure and legally compliant importers/exporters as trusted business partners of CBIC. These AEOs are provided with a bouquet of benefits and facilitation measures, which are expected to result in significantly lower release time, without entailing any additional risk. Based on the compliance parameters, there are three categories of the AEOs, namely: Tier-I, Tier-II, and Tier-III, with Tier-III clients being eligible for maximum benefits, including deferred duty payment facility.

It is also expected that regular importers, with better understanding and familiarity with the clearance process, will report a lower release time vis-à-vis non-regular importers, who may include many importers, who are not well versed with procedural avenues to reap full benefits of trade facilitation measures.

***
The National Trade Facilitation Action Plan - 2017-2020 (NTFAP), drawn up by National Committee of Trade Facilitation (NCTF) had envisaged bringing down the average import cargo release time at air cargo complex to within two days (48 hours). This target has since been made stiffer by the Government of India in the year 2018 to 24 hours. The analysis of the 7046 Bills of Entry in the sample period of 1-7 January 2020, found that the average release time for all bills of entry was 64.23 hours. The average release time during the COPPY was 74.38 hours, thereby showing an improvement of about 10 hours. Therefore, viewed simplistically the NTFAP average release time target of 24 hours is a long way away. This TRS is a statistical endeavour to assess the prevailing position and explore major reasons for delays in cargo release, so as to formulate a robust roadmap for further reduction in the average release time by 40.23 hours.

In the graph below, frequency density of the bills of entry by release time is presented. It is seen that about 31% of the bills of entry have release time lower than 24 hours and about 61% get cleared in less than 48 hours. The median release time has been found to be 37
hours (approx.). Further, it is seen that around 75% of the bills of entry were cleared with release time lower than the arithmetic mean of release time. The average release time of 64.23 hours is, therefore, significantly a result of narrow but long tail!

The study recognises the challenges of reducing the overall release time by about 60% to achieve the NTFAP target and seeks to identify the stakeholders and processes, which must receive concerted attention.

**EXCLUDED BILLS OF ENTRY**

One of the common measures of central tendency of data is arithmetic mean. Many useful insights can be deduced from arithmetic mean. However, many a times, certain outliers distort the arithmetic mean as “average” to the extent that it does not represent the main characteristics of the data. Therefore, a robust statistical analysis requires the exclusion of certain data for clearly elucidated reasons. Consistent with this principle, TRS 2020 has excluded 56 bills of entry, accounting for 0.79% of the 7102 bills of entry filed during the sample period of 1 to 7 January, 2020.

The reasons for exclusion are mentioned below:
(i) One Bill of Entry was purged due to non-grant of entry inwards. 
(ii) One more Bill of Entry was excluded as it was filed more than sixty days after grant of entry inwards.
(iii) 54 outliers Bills of Entry were also excluded, where OOC was not granted till the period of 7th Feb, 2020, i.e., the date for freezing the data.

The reasons for exclusion under category (iii) were scrutinised and it was found that in certain cases required action was pending with the CBs and in few other cases, prima facie, infringements, including outright mis-declaration were detected. In those cases, the required procedures as per law, which includes investigation and adjudication had not been completed at the time of freezing of data for analysis.

**FASTEST BILL OF ENTRY**

In order to set the achievable benchmark, delineate the path to promptness and to bestow recognition on the best performer, the study has identified the bill of entry with the most impressive release time. This year, the Advance bill of entry No. 6310041 dated 01.01.2020 filed by M/s Alcan Logistics on behalf of M/s Mogora Cosmic Pvt. Ltd., was cleared with a release time of 0.36 hours. It is interesting to note that the best release time has been achieved by a Non-AEO client, which has been made possible by recourse to pre-arrival processing by the CB, including payment of duty before the arrival of the cargo and benefit of full facilitation by RMS.
It is important to note that Bill of entry was filed in advance, which allowed the RMS to grant full facilitation status, enabling the importer to discharge her duty liability even before the arrival of the cargo. Prompt payment of duty and registration of goods have played crucial roles in winning this race. The study commends the achievement of M/s ALCAN LOGISTICS on behalf of M/s MOGORA COSMIC PVT LTD and recommends that a wider recognition of the best performing CBs will “nudge” other CBs to strive to reduce their release time.

***
Pre-Arrival Processing: 
Time of Filing Matters

ADVANCE VERSUS NORMAL

A Bill of Entry that is filed before the arrival of goods, as approximated by grant of entry inwards, is commonly known as an advance bill of entry. Advance bills of entry enable pre-arrival processing of import documentation and completion of events leading up to payment of duty. It is for this reason that pre-arrival processing has been recognised as one of the paths to promptness, and attracted focus of administrative actions to encourage filing of advance bills of entry. Since the release time is calculated as the time taken from the grant of entry inwards to grant of out of charge by customs, the entire time taken in pre-arrival processing is not reckoned in arriving at the release time. Therefore, in the case of advance bills of entry, the time taken between filing of advance bill of entry and grant of entry inward has been ignored by setting the same to zero in respect of each such bill of entry. Similarly, the time taken in the sub-processes that are fully completed before grant of entry inward is assumed as zero; and where the process begins before the grant of entry inward but is completed after the same, only the time taken from grant of entry inward to the completion of the sub-process is taken into account.

In the graph below, the number and share of advance and normal bills of entry during the sample period and COPPY is presented.
The above data reveal that filing of normal bills of entry is the predominant mode at ACC, accounting for about 70% of the bills of entry. Further, during last one year the share of advance bills of entry have remained stagnant. As the subsequent analysis will explain, increasing the share of advance bills of entry is recommended as a major initiative to improve the average release time.

In the graph below, the comparative release time for advance and normal bills of entry for 2020 and 2019 are presented. The most striking conclusion is that the average release time for advance bills of entry was less than 50% of the normal bills of entry in 2019 and has improved faster to account for about 42% of the release time for normal bills of entry in 2020.
Thus, it can be seen that the average release time for advance bills of entry has been reduced by an impressive 25% in one year, whereas in the case of normal bills of entry the improvement is relatively more modest 11%. Moreover it is observed that the average release time of advance bills of entry in 2020 is 32.27 hours, which appears to place the NTFAP target of 24 hours well within the striking distance, if only advance bills of entry were to become a norm at ACC Sahar. This study, therefore, strongly recommends all possible initiatives, including outreach to CBs and trade and customised training to major CBs to substantially increase recourse to advance bills of entry.

Filing of advance bills of entry enables completion of subsequent events of facilitation by RMS or assessment and even payment of duty. Therefore, advance bills of entry can be sub-divided depending on the number of events that were completed before the arrival of the cargo.

Similarly, normal bills of entry may be sub-divided to segregate the delayed bills of entry. Long delays in filing the bills of entry after the arrival of the cargo was acknowledged as a primary reason for inordinately long release time. Therefore, section 46 of the Customs Act, 1962 was amended vide Finance Act 2017 to prescribe that the importer shall file the bill of entry before the end of the next day following the day on which the goods arrive. The new provision also provided for imposition of late filing fees under specified circumstances without sufficient reasons. In this study, a bill of entry that is submitted after a period of 2 days from the entry inward date has been classified as delayed bills of entry.

During TRS 2020, 690 bills of entry, accounting for 9.79% of the entire sample of bills of entry, were classified as delayed bills of entry. This shows an improvement over COPPY, wherein 791 delayed bills of entry accounted for 12.02% of the entire sample of bills of entry.
In view of the above, based on the time of filing bill of entry and extent of pre-arrival processing, a five-fold categorisation of bills of entry is appropriate. In the graph below, the number of bills of entry under the five categories during the sample period and COPPY is presented.

It is seen from the graph above, that the share of all the five categories of bills of entry have remained almost unchanged from 2019 to 2020, with normal bills of entry accounting for the largest share. The other noticeable feature is the small decline in the number of delayed bills of entry, implying a perceptible decline in its share from 12% in 2019 to 9% in 2020.

The graph below presents the comparative release time for different categories of bills of entry, seeking to highlight the benefits of pre-arrival processing and the negative impact of delay in filing of bills of entry. It shows the comparative release time for different categories of bills of entry. It clearly brings out the benefits of pre-arrival processing on the average release time, with the average release time for the set of bills of entry, wherein the duty payment was completed before the arrival of the cargo, was an impressive 18:16 hours. Therefore, ceteris paribus, it can be concluded that with this extent of pre-arrival processing becoming a norm, the NTFAP target of 24 hours will be readily achieved.
The following other salient points merit being highlighted:

(i) The average release time for all categories of bills of entry have improved in 2020 over COPPY, indicating the role of other factors in improving the release time;

(ii) The average release time for delayed bills of entry at 188.27 hours is about 6 times the average for advance bills of entry.

(iii) In order to assess the impact of delayed bills of entry on the average release time, the study has found that exclusion of about 9% delayed bills of entry leads to the average release time improving by about 14 hours to 50.54 hours.

In view of the significant impact of delayed bills of entry on the average release time, this study **recommends a deeper analysis into the causes for the same**, noting that the delays are being reduced perhaps in response to the provision relating to imposition of late filing fees. For such a study to be conducted, this study has identified the top ten late filers by number of delayed bills of entry filed during the study period, highlighting the percentage of delayed bills of entry in the total bills of entry and readily acknowledging that the reasons for such delays may lie beyond the remit of the concerned CBs.
<table>
<thead>
<tr>
<th>Name of the Custom Broker</th>
<th>Number of delayed bills of entry</th>
<th>Total number of bills of entry filed during the study period</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sun Impex Clearing and Shipping Agency Pvt. Ltd.</td>
<td>38</td>
<td>319</td>
<td>12%</td>
</tr>
<tr>
<td>Nippon Express (India) Pvt. Ltd.</td>
<td>25</td>
<td>256</td>
<td>10%</td>
</tr>
<tr>
<td>Man Logistics (India) Pvt. Ltd.</td>
<td>19</td>
<td>106</td>
<td>18%</td>
</tr>
<tr>
<td>Khimji Poonja Freight Forwarders Pvt. Ltd.</td>
<td>17</td>
<td>273</td>
<td>6%</td>
</tr>
<tr>
<td>Swen Agencies Pvt. Ltd.</td>
<td>14</td>
<td>22</td>
<td>64%</td>
</tr>
<tr>
<td>Shoolin Shipping Services India Pvt. Ltd.</td>
<td>14</td>
<td>61</td>
<td>23%</td>
</tr>
<tr>
<td>M/s. Geeta Shipping And Clearing Services</td>
<td>14</td>
<td>169</td>
<td>8%</td>
</tr>
<tr>
<td>S.E. Logistics Pvt. Ltd.</td>
<td>13</td>
<td>56</td>
<td>23%</td>
</tr>
<tr>
<td>Babaji Shivram Clearing &amp; Carriers Pvt. Ltd.</td>
<td>13</td>
<td>115</td>
<td>11%</td>
</tr>
<tr>
<td>Navkar Logistics Pvt. Ltd.</td>
<td>11</td>
<td>77</td>
<td>14%</td>
</tr>
<tr>
<td>M/s. Rank Logistics Pvt. Ltd.</td>
<td>8</td>
<td>8</td>
<td>100%</td>
</tr>
</tbody>
</table>

***
The second important factor that is found to impact the release time is the level of risk management-based facilitation or interdiction, taking into account the revenue and other non-fiscal concerns. The challenge of striving to maintain a fine balance between facilitation and compliance is a much discussed subject, and is contingent upon the general compliance behaviour of the trade and efficiency of the risk management system. Be that as it may, it is expected that higher levels of facilitation would lead to reduction in the release time. Conversely, deeper levels of interdictions are expected to result in longer release times. In this section, we seek to quantify the impact of such facilitation and interdictions on the release time.

Under the current customs clearance process, bills of entry are statutorily required to be electronically submitted along with self-assessment of duty liability, along with compliance of other non-fiscal regulatory requirements. All supporting documents are to be submitted electronically under the e-Sanchit scheme. These bills of entry are mandatorily risk-assessed by the Risk Management System (RMS), which determines, at the first level, whether the self-declaration filed by the importer merits acceptance.

In majority of the cases, the bill of entry is treated as fully facilitated and out of charge is given upon payment of self-assessed duties, and in a few select cases after minimal documentary checks such as verification of a license or country of origin certificate.
As discussed in the earlier section, in case the risk management system finds that the self-declaration by the importer cannot be accepted without further verification by the customs or other regulatory authorities, it routes the bills of entry for human intervention, which could result in categorisation of bills of entry as: (i) Second check, without examination; (ii) second check, with examination; and (iii) first check.

In the standard risk management parlance, fully facilitated and second check bills of entry, without examination are treated as “facilitated” bills of entry, for the reason that they are not subjected to any physical intervention.

In the graph below, the share of bills of entry, subjected to full facilitation and different degree of interdiction during the study period and COPPY are presented. The share of bills of entry, which were routed to PGAs, is seen to have increased.

![Graph showing share of bills of entry](image)

It is noted with some degree of satisfaction that the level of full facilitation has increased, whereas those involving examination, either under first check or second check, have declined. Consequently, in terms of standard risk management parlance, facilitation levels have increased from about 74% in 2019 to almost 80% in 2020.
In the graph below, the average release time for each category of bills of entry on the facilitation/interdiction parameter for 2020 and COPPY is presented:

It is noted that the average release time for the facilitated categories of bills of entry have shown improvements. However, the average release time for first check bills of entry and those that required PGA intervention have gone up. Given the small share of both the latter categories in the overall bills of entry, the average release time have shown improvement.

**In view of the data relating to the share of bills of entry under different categories based on facilitation/interdiction parameter and associated release time, the following combination of measures are recommended:**

(a) The first category may include: (i) increase share of full facilitation and second check without examination; (ii) minimising recourse to physical examination, whether under the first or second check processes.

(b) Streamline all process, inter alia, to: (i) minimise queries and/or request for supply of additional documents before deciding on the assessment; (ii) sensitise officers to resort to time-intensive checks, only after due diligence; (iii) complete the examination/test expeditiously through proactive engagement with the CBs and other stakeholders.
This study has brought out an increase in share of bills of entry requiring PGA intervention, which is likely to be on account of increase in volume of imports of concerned articles. However, this increase in volume has been accompanied by increase in the average release time of such bills of entry. The issues relating to PGAs is discussed later in this study.

***
It has been the constant endeavour of CBIC to promote trust-based customs clearance process. At the heart of such trust-based system lies the Authorised Economic Operator (AEO) programme, which is one of the commitments under the TFA.

The Indian AEO programme provides for three-tiered structure, wherein the criteria for the tier-3 client is strictest, and concomitantly the trade facilitation benefits are maximum.

In the table below, the total number of bills of entry filed by AEOs and non-AEOs clients, subjected to different levels of facilitation or interdiction during the study period is presented. The table clearly brings out the significantly higher levels of full facilitation and minimal levels of interdiction that are accorded to AEO bills of entry vis-à-vis non-AEO bills of entry during the study period.

<table>
<thead>
<tr>
<th>LEVEL OF CHECK</th>
<th>AEO</th>
<th></th>
<th>NON-AEO</th>
<th></th>
<th>TOTAL</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
<td>No.</td>
<td>%</td>
</tr>
<tr>
<td>Fully Facilitated</td>
<td>2591</td>
<td>86.2%</td>
<td>2141</td>
<td>53%</td>
<td>4732</td>
<td>67.2%</td>
</tr>
<tr>
<td>First Check</td>
<td>35</td>
<td>1.1%</td>
<td>123</td>
<td>3%</td>
<td>158</td>
<td>2.2%</td>
</tr>
<tr>
<td>Second Check</td>
<td>137</td>
<td>4.6%</td>
<td>760</td>
<td>18.8%</td>
<td>897</td>
<td>12.7%</td>
</tr>
<tr>
<td>Second Check with Examination</td>
<td>242</td>
<td>8.1%</td>
<td>1017</td>
<td>25.2%</td>
<td>1259</td>
<td>17.9%</td>
</tr>
<tr>
<td>Total</td>
<td><strong>3005</strong></td>
<td><strong>42.6%</strong></td>
<td><strong>4041</strong></td>
<td><strong>57.4%</strong></td>
<td><strong>7046</strong></td>
<td><strong>100%</strong></td>
</tr>
</tbody>
</table>
The graph below summarises the comparative number of bills of entry filed by AEO and non-AEO clients during the study period and the COPPY, highlighting the jump in the facilitation levels, with marked bias in favour of the AEO bills of entry. It is seen that while the overall full facilitation levels have increased from 64.2% in 2019 to 67.4% in 2020, the level of full facilitation levels for AEO bills of entry increased at a faster pace from 82.1% in 2019 to 86.6% in 2020.

It is recognised that the release time of the AEO vis-à-vis non AEO bills of entry would also be impacted by the time of filing the bill of entry. Therefore, in the graph below, the break-up of advance vs normal bills of entry for 2019 and 2020 are presented.

In the graph above, it is seen that this year, 35% of the AEO bills of entry were filed in advance in comparison to only 27% for non-AEO
bills of entry. In addition to the fact that share of advance bills of entry at 35% for AEOs is reflective of a large untapped area of trade facilitation, it is a matter of concern that the share of advance bills of entry in the AEO bills of entry has declined to 35% from 40% in COPPY.

In the graph below, the average release time data for AEO and non-AEO bills of entry during the study period and COPPY is presented. It is observed that while the release time has improved for both AEO and non-AEO bills of entry, the improvement is significantly more impressive 11 hours for AEO bills of entry, as against a modest 4 hours for non AEO bills of entry. This improvement translates to 19% for the AEO bills of entry, as against 5% for non AEO bills of entry.

In the graph below, the average release time data for AEO and non-AEO bills of entry, categorised as facilitated vs non-facilitated and normal vs advanced is presented. This segregated data highlights the impact of AEO status on the release time — it reveals that the average release time for each of the categories of bills of entry for AEOs is lower than bills of entry for non-AEOs. It is also noted that the average release time for AEO advance bills of entry at 25.11 hours is in line with the NTFAP target release time.
In view of the above, this study concludes that the AEO clients can reap twin benefit by enrolling for AEO programme: first of higher level of facilitation; and the second of lower release time for comparable category of non-AEO bills of entry.

The study, however, notes that the benefit of lower release time for AEO bills of entry is significantly more pronounced for fully facilitated bills of entry than for non-facilitated bills of entry, and for normal bills of entry than for advance bills of entry. It is intuitively obvious that the differences in these release time could also be attributed to other factors, such as the nature of commodity, besides the time taken by the CBs for different events.

This study, however, does not carry out a more sophisticated analysis, resting with the broad conclusion that it does pay to enrol as AEO client. It recommends further outreach efforts to enrol more regular importers under the AEO programme and focus on the existing clients to increase recourse to pre-arrival processing.

**REGULAR VS NON-REGULAR IMPORTERS**

In this section, an attempt has been made to assess whether non-regular importers take more time in completing the customs
clearance process. For this purpose, importers who have filed seven or more bills of entry during the sample period of 1-7th January, 2020 are categorised as regular importers and others as non-regular importers.

It is found that, consistent with intuition, the average release time for bills of entry filed by regular importers at 48.5 hours is significantly lower than the average release time of 79.3 hours for bills of entry filed by non-regular importers.

It is expected that regular importers, being aware of the customs clearance procedures, including various trade facilitation initiatives, would take greater recourse to pre-arrival processing, as reflected in share of advance bills of entry. In addition, for obvious reasons regular bills of entry are more likely to be facilitated than a more regular one.

The graph below shows the number of bills of entry and the associated average release time for advance and normal bills of entry filed by regular vs non-regular importers.
The above analysis brings out the fact that large number and share of bills of entry filed at ACC pertain to non-regular importers. It is also seen that only about 24% of non-regular bills of entry were advance bills of entry, whereas about 37% of regular bills of entry were filed as advance bills of entry.

Viewed differently, it is seen that in case of non-regular importers, about 73% of importers accounting for almost 65% of the bills of entry filed in the non-regular category, filed all bills of entry as normal bill of entry. In comparison, only about 20% of importers accounting for 14% of bills of entry filed in the regular category filed only normal bills of entry.

It is also seen that the average release time for regular importers is lower than non-regular importers, both for normal and advance bills of entry. While significant share of non-regular bills of entry may suggest the role of ACC, Sahar as a preferred gateway airport, its adverse impact on the average release time can be mitigated through enhanced awareness about the customs clearance process through different media, including a user-friendly and updated website for guidance of non-regular importer.

The TRS 2020 applauds the Blue Dart Aviation Limited for filing 100% of their bills of entry in advance and achieving an impressive average release time of 11.6 hours during the sample period.

Further, the maximum number of bills of entry filed during the sample period by a single importer was 224 filed by M/s Siemens Limited, using the services of three different CBs. Siemens had filed 72% of the bills of entry as advance and remaining 28% as normal, recommending itself as a candidate for deeper understanding of reasons limiting recourse to advance filing of bills of entry.

**REGULAR VS NON-REGULAR CUSTOMS BROKER**

The study found that for importers who did not engage any CB for customs clearance, almost 25% bills of entry were advance bill of entry, with average release time of about 67 hours. Engagement of
services of CBs is found to result in improvement of share of advance bills of entry to 31% only.

The above data, prima facie, seems to indicate that at the macro-level engagement of CBs do not result in significantly enhanced level of pre-arrival processing. However, for more definitive conclusions, a detailed data analysis of the importers and their status/antecedents would be required.

Be that as it may, using the aforesaid definition of regular and non-regular, the average release time for bills of entry filed by regular and non-regular CBs was calculated. The graph below affirms the intuitive position that regular CBs achieve a lower average release time, as compared to non-regular CBs.

This study recommends enhanced awareness about the customs clearance process to non-regular CBs, who may not be active members of BCBA, through various media, including a user-friendly and updated website for guidance of non-regular CBs.
In the section on Risk Based Facilitation and Interdiction, role of Participating Government Agencies (PGA) was briefly discussed, noting that the number of bills of entry and associated average release time had reported an increase in 2020 over COPPY. In this section, the average release time of bills of entry handled by each of the six PGAs participating in SWIFT, namely: Food Safety and Standards Authority of India (FSSAI), Animal Quarantine and Certification Service (AQ), Directorate of Plant Protection, Quarantine and Storage (PQ), Central Drugs Standard Control Organisation (Controller of Drugs) and Wildlife Crime Control Bureau (Wildlife Control), is discussed.

It is observed that the number of bills of entry that involved the PGAs increased from 413 in 2019 to 598 in 2020, and the average release time increased from 86.20 hours to 99.57 hour.
In this regard, it may be clarified that in some cases a bill of entry may require NOC from more than one PGA. In this section, such a bill of entry would be double counted, in respect of the concerned PGAs.

In this analysis, data in respect of the following three aspects have been reported: (i) number of bills of entry interdicted by a given PGA, (ii) the time taken by the given PGA to give NOC, and (iii) the average cumulative release time in respect of those bills of entry.

The graph below, highlights the prominent role of Drug Controller among the PGAs at the ACC, Sahar, accounting for more than 92% of all bills of entry marked to PGAs, which has also increased by 65% from 2019 to 2020.

![Graph showing the number of bills of entry marked to different PGAs]

It appears that the substantive increase be attributed to diversion of many items requiring NOC from Drug Controller being diverted from the courier cell to ACC. These could be small shipments that did not require NOC earlier have come under the purview of Drug Controller.

In the graphs below, in the first panel, the average release time for each of the PGAs during the study period and COPPY is presented. It presents a striking picture inasmuch as the average release time is found to have increased in respect of each of the PGAs.
Recognising that the increase in the average release time could be driven by a variety of factors, including delays in filing bills of entry, which may not be attributable to the PGAs, in the graph below, the time taken in grant of NOC by the PGAs concerned during the study period and COPPY is presented.

It is observed that every PGA, except the WCCB, has taken more time to grant NOC in 2020 than in 2019.
This TRS has not undertaken any analysis to identify the reasons for increase in time taken by the PGAs. This study, however, recommends greater emphasis on the principles and practices of coordinated border management advocated by the World Customs Organisation and a commitment on border agency cooperation under the Trade Facilitation Agreement (TFA).

***
In the sections above, bills of entry were categorised on the basis of timing of filing of bills of entry, extent of facilitation accorded or interdiction undertaken, status of the importer and CBs and the impact of ensuring compliance with non-fiscal regulations by the PGAs.

In this section, stage-wise analysis and a brief load-analysis has been undertaken with the objective to enable formulation of a focussed and well-directed action plan.

In the stage-wise analysis, the time taken between different events by concerned stakeholders at various sub-stages of customs clearance process are presented. Since release time refers only to time taken after the arrival of the cargo, i.e., grant of entry inwards, it is necessary that the stage-wise analysis be presented separately for advance and normal bills of entry.
In the graph above, the time taken at different stages by all stakeholders in respect of all bills of entry during the study period, separately for advance and normal bills of entry, are presented.

In the simplistic analysis above, the cumulative time taken at different stages have been averaged by the total number of normal or advance bills of entry, with a view to highlight the broad impact of the various processes on the average release time. Since the cumulative stage-wise time taken have been divided by the total number of normal and advance bills of entry, as the case may be, these averages seem significantly lower for those processes, such as query reply, examination and PGA NOC, which are applied to only a small percentage of bills of entry. It is recognised the time taken in these processes in the case of specific bills of entry would be significantly higher, as has been brought out in the case of bills of entry routed through the PGAs.

Based on the above analysis, following aspects merit highlighting:
(i) In the case of normal bills of entry, the average time taken for submission of bill of entry at 27 hours, itself exceeds the NTFAP average release time target of 24 hours.
(ii) The positive time of 0.34 hours for submission of advance bills of entry merit deeper scrutiny, as it suggests mis-classification of few normal bills of entry as advance with certain ulterior motive.
(iii) Significant difference in the assessment time of about 5 hours between advance and normal bills of entry, given that the facilitation percentage is similar for both categories of bills of entry, affirms the role of pre-arrival processing in reduction in the release time.

(iv) The average time taken in payment of duty after completion of assessment of about 22 hours for normal bills of entry would suggest that there would be many cases, wherein time taken in payment of duty would be more than one day, thereby attracting mandatory payment of interest on delayed payment of duty.

(v) The process of registration stands out as another time consuming process, accounting for about 10 hours in case of both normal and advance bills of entry. It is, however, expected that the introduction of facility for electronic registration of bills of entry would result in significant reduction in the time taken in this process.

**Therefore, based on the stage-wise analysis, this study re-iterates the emphasis on pre-arrival processing.**

**LOAD ANALYSIS**

This section presents the result of innovative load-analysis, assessing the impact of uneven intra-day concentration of events and work relating to select five sub-processes.

**Filing of the bill of entry:**

The graph below depicts hourly count of bills of entry, tracing the same to the arrival of the aircrafts carrying the related cargo. It highlights that ACC receives majority of flight during traditional non-office hours.
This study has found that the average time taken in filing the bill of entry for flights arriving between 12 midnight to 1 AM at 29.36 hours is about 4.39 hours more than in respect of flights that arrived between 6 AM to 8 PM.

**Assessment of Bill of entry:**

The assessment of the non-facilitated bills of entry is conducted during the office hours. This study found that in respect of 716 non-facilitated bills of entry filed between 1 PM to 2 PM, assessment time was 10.04 hour. However, for less than 50 bills of entry that were submitted between 10 PM to 8 AM, the assessment time was 18.39 hours. Therefore, it appears that the time taken in the “event” of assessment includes the time waiting for the assessment to take place.
Registration of goods:

The graph below, finds a strong link between the time of assessment of bills of entry, including facilitated bills of entry and the time taken to register the goods. Put simply, if the assessment gets completed at late night, the time taken to register the goods is higher.
As discussed earlier, NTFAP has set an average release time target of 24 hours. This study has found that about 31% bills of entry were cleared within the target time of 24 hours, with mean release time of 13.48 hours. The remaining 4845 bills of entry required average release time of 87.30 hours.

In this section an attempt has been made to identify the main event in respect of each of the 4845 bills of entry, which entailed release time in excess of 24 hours. For this purpose, we designate the main event as the event that has taken maximum time in the process of customs clearance, based on the stage-wise analysis.
The graph above confirms the earlier analysis that identified time taken in submission of normal bills of entry, delays in payment of duty and time taken in registration of goods as the three main events, accounting for 85% of the bills of entry that were responsible for the inordinate release time in most of the cases.

The study has identified 1471 bills of entry, wherein time taken in duty payment was the main event. The average time taken from assessment to duty payment in such cases was about 53 hours, which is in excess of the interest free period for payment of duty.

***
This TRS has been conducted by a team of CBIC officials, including officers presently posted at ACC, thereby ensuring a high degree of ownership. The voluntary involvement of three young Assistant Commissioners of CGST presently posted in Mumbai is expected to be an exercise in learning and capacity building.

The study has relied solely on the timestamps obtained from IT systems of customs and the custodian, thereby ensuring absolute robustness of data and, thereby, analytical results.

The study has shown a significant improvement in the average import release time of about 10 hours. Notwithstanding the improvement, there is a significant ground to be covered for achieving the NTFAP target release time of 24 hours.

Similar improvements, albeit of differing magnitude have been observed for various segregated categories of bills of entry, except the bills of entries that involved interdiction by the PGAs. It is felt that there is a need for deeper analysis of the challenges faced by the PGAs. However, greater degree of cooperation and coordination with the PGAs is expected to yield dividends.

The study has identified pre-arrival processing, higher degree of facilitation and trust-based system as having significant positive impact on release time. However, the present recourse to the three appear to leave a lot of scope for improvement.
The stage-wise analysis confirms the conclusions drawn on the basis of computation of release time for different categories of bills of entry, wherein it is seen that significant delays take place at the stage of filing of normal bills of entry, significant share of delayed bills, delays in payment of duty after assessment and registration of goods thereafter.

The study, as mentioned in detail in the text, has recommended outreach programme with the CBs to improve recourse to the beneficial trade facilitation initiatives of CBIC, including recognising the CBs and importers that have set example of excellence in achieving impressive release time.

This TRS has also identified certain areas that require deeper analysis, which may be covered in the next TRS.

It is expected that regular conduct of TRS and its use as strategic management tool, will enable ACC to speedily achieve the target set under the NTFAP.

***
Exports

86%

Shipping Bills which have received full facilitation without any intervention

63.4%

Shipping bills have export document release time lower than 24 hours
Exports play a key role in a developing country like India in terms of economic growth, job creation and earning foreign exchange to finance imports, thereby assisting in maintenance of the balance of payment. Therefore, facilitation of exports is one of the main objectives of the government. Thus, the larger goals of ease of doing business and trade facilitation can be measured in terms of export release time and associated costs.

The National Trade Facilitation Action Plan 2017-2020 prepared for monitoring compliance with the specific provisions of the Trade Facilitation Agreement (TFA), requires regular conduct of Time Release Study, inter alia, at all air cargo complex and for exports as well as imports. NTFAP had initially envisaged achievement of average export release time of 24 hours for the air cargo, which has subsequently been made stiffer at 12 hours.

The present ACC Export TRS has been conducted in this backdrop with the basic objective of calculating the average export release time at the Air Cargo Complex, Mumbai, during the sample period of January 1-7, 2020. The study was also aimed at measuring the “distance to target” and through a more detailed analysis identify the possible measures and initiatives, along with stakeholders concerned to achieve the challenging export release time set for the air cargo under the NTFAP.
SCOPE AND METHODOLOGY

In drawing up the scope and methodology of this study, we have been guided by the following: (a) commitment in terms of article 7.6.1 of the Trade Facilitation Agreement (TFA); (b) directives under NTFAP 2017-2020; (c) World Customs Organisation’s (WCO) Guide To Measure The Time Required For The Release Of Goods Version 3, 2018; (d) JNCH Export TRS 2018 & 2019; and (e) IND-TRS 2019-2020.

Keeping in view the above and the fact that Export TRS is part of the first formal ACC TRS, the sample period has been taken as January 1 to 7, 2020, i.e. it has sought to cover all shipping bills filed during the said period, with few exclusions as mentioned later in the report and tracked for the specified period of one month, i.e. till February 7, 2020.

This study recognises that the scope and methodology of export TRS in India has not yet been settled, unlike the import TRS. Therefore, it is important to discuss briefly the alternatives that have been attempted and place the scope and methodology of this study within the overall context.

The WCO Guide advises that “the TRS measures the total time needed to complete all formalities. In other words, it can determine with precision the time for each separate procedure, such as the average time needed to prepare documents and to complete the formalities for each stakeholder responsible, and other average times in the movement of cargo between two or more countries along the international supply chain”.

JNCH Export TRS has been relying on sample survey method, seeking the release time data from the Customs Brokers through a detailed online survey in respect of shipping bills filed during the sample period of January 1-7. Based on the detailed data, going beyond events and processes covered by the customs automated system and the custodians, albeit with respect of only a percentage
of the shipping bills filed during the sample period, JNCH TRS has been presenting gross and net export release time. For calculation of gross export release time, the clock starts with the stuffing of the container in the factory premises and ends with the vessel sailing off. It includes the time taken by the exporter; the custodian; the customs department as well as other stakeholders at various stages of export, including the time taken in transportation of the export container to the parking plaza or the CFS, as the case may be. Net release time is arrived at by deducting the time taken in transporting the container from the factory premises to the parking plaza or the CFS, as the case may be. Therefore, the definition of net export release time presented by JNCH TRS aligns with the WCO definition.

IND-TRS 2019-2020 on the other hand covers all shipping bills filed during the sample period, but relying solely on the data from the customs automated system, presents a less detailed data analysis. It defines the export release time as the time taken between filing of the shipping bill by the exporter or her customs broker (hereinafter CB) and grant of Let Export Order (LEO).

This study has been conducted solely on the basis of data obtained from the customs automated system and supplemented by those from the IT system of Mumbai International Airport Ltd (MIAL), one of the two custodians, the other being Air India Air Transport Services Limited (AIATSL). It has not conducted any survey and therefore, the entire dataset is derived from the timestamps of the two IT systems, unlike the IND-TRS which has relied only on data from the customs automated system.

In view of the above, this study presents the export release time, wherein the clock begins with the arrival of the cargo at the ACC, approximated by the Cargo Arrival Receipt Report (CARR) filed electronically with the custodian and stops with the departure of the flight carrying the export consignment. However, this data set with precise timestamps, not merely date stamps, is available in respect of only 2347 shipping bills.
On the other hand, cleaned data in respect of 8994 shipping bills has been obtained from customs automated system. This data set has been used to arrive at export document release time, calculated as the time taken from filing of the shipping bills till grant of LEO by customs.

Thereafter, using the shipping bills as the identifier, time stamps have been extracted from MIAL IT system and correlated with those available in the Customs IT system, to calculate the release time for 2347 shipping bill, starting from and going beyond the data available in the Customs IT system.

The stages in a typical cargo export process, starting from preparation for export, can be enumerated as follows:

(i) Preparation and generation of the Shipping Bill on self assessment basis, in the Customs IT (ICEGATE) system;
(ii) Transport of cargo from the supplier’s premises to the Buffer Parking Zone;
(iii) Arrival of cargo at the ACC Gate from the Buffer Parking Zone;
(iv) Acceptance of the self-assessment by the Customs Risk Management System (RMS), or assessment of the Shipping Bill by the Customs Appraising Officer;
(v) Obtaining “No Objection Certificate”, if required, from other regulatory agency;
(vi) Registration of goods;
(vii) Examination of goods, in select few cases;
(viii) Completion of the assessment process and issue of LEO; and,
(ix) Loading of cargo on the aircraft and departure of the flight.

***
The study found the average export document release time, calculated as the time taken from filing of the shipping bills till grant of LEO by customs in respect of 8994 shipping bills obtained from customs automated system to be 23.9 hours. The median export document release time has been calculated to be 11.9 hours, clearly highlighting the role of smaller number of shipping bills disproportionately impacting the arithmetic mean.

In the graph below, the frequency distribution of shipping bills on the basis of export document release time is presented.
As shown in the graph above, 50% of the total shipping bills have export document release time lower than the NTFAP target time of 12 hours, whereas 63.4% of the shipping bills have export document release time lower than 24 hours.

**Average Export Release Time:**

The study recognises that the average export release time, which will exclude the time taken from advance filing of the shipping bills, wherever applicable and add the time from grant of LEO to the departure of the flight will be different from the export document release time.

The study has found that the average export release time for the 2347 shipping bills was marginally higher at 28.36 hours. The median export release time was 24.66 hours.

**IMPACT OF FACILITATION OR INTERDICTION**

The extant customs laws require filing of self-assessed shipping bills electronically in the customs automated system. Thereafter, based on the risk parameters, shipping bills are fully facilitated or
subjected to verification of self-assessment (hereinafter referred to as assessment) and/or examination.

In view of the revenue and non-fiscal concerns being perceived to be lower for export cargo than for import cargo, it is expected that the percentage of facilitated shipping bills will be significantly higher and the share of non-facilitated shipping bills and the level of intervention will be lower.

This study of 8994 shipping bills obtained from customs automated system show that during the sample period, 86.1% of shipping bills were fully facilitated and only remaining 13.8% were non-facilitated. Within the non-facilitated category, only 5.2% of the shipping bills were subjected to both assessment and examination. It may be mentioned that relatively speaking the non-fiscal concerns account for more interdiction in export cargo than in import cargo.

The graph below presents the comparative export document release time for the non-facilitated shipping bills.

![Graph showing document release times](image)

In view of the graph above, the study has found that the facilitation levels for shipping bills for exports are distinctly higher than for bills of entry for imports and, more significantly the impact of interdiction are relatively less significant on the average document release time.
ACC Mumbai is a major gateway for export of pharmaceutical and agricultural products, which are often exported under temperature controlled conditions, generally referred to as refrigerated cargo. The study found that shipping bills for refrigerated cargo accounted for about 7% of shipping bills filed during the sample period. As shown in the graph below, the average export release time for shipping bills for refrigerated cargo was significantly lower than non-refrigerated cargo shipping bills.

![Average Release Time Graph](image)

However, the significant difference in the average release time between refrigerated cargo and non-refrigerated cargo, as shown above, does not show up in the average document release time, which measures the time taken from filing of the shipping bills to grant of LEO.

**STAGE-WISE ANALYSIS**

This study has found that detailed stage-wise analysis may not be very insightful due to non-availability of data from the MIAL system in respect of all the shipping bills filed during the sample period.

However, utilising the limited data available, it is seen that it is possible to arrive at the break-up of time taken from entry inwards to grant of LEO and thereafter, from LEO to the departure of the
flight. The graph below presents the break-up of the time taken for all 2347 shipping bills and separately for refrigerated and non-refrigerated cargo.

The above graph suggests that the time taken in the document clearance process, as captured by the export document release time is not significantly dependent on whether the cargo is refrigerated and non-refrigerated. However, the time taken from grant of LEO to departure of flight is about 10 hours lower for refrigerated cargo vis-à-vis non-refrigerated cargo.

***
This study draws satisfaction from conduct of export time release study on the basis of data drawn from the IT systems of customs and the custodian, without recourse to sample survey. It recognises this as a significant improvement in the methodology of Export TRS. However, non-availability of detailed data in respect of the entire sample of shipping bills from the IT system of MIAL has limited the scope of the study.

Detailed discussion with custodian suggest that it may be possible to obtain the detailed dataset for all shipping bills, provided the same is requisitioned in advance. Therefore, this study suggests adoption of a more proactive approach regarding data collection during the next TRS.

The analysis, relying on the two alternate measure of export release time and export document release time, suggest that the cargo clearance process at ACC is very speedy. The average time taken in grant of LEO, after the arrival of the export cargo at the ACC, i.e., ignoring the time taken in pre-arrival processing is minimal 2.56 hours.

The time taken in physical departure of the cargo after grant of LEO accounts for about 90% of the export release time, which is understood to be on account of various logistics requirements of the part of the custodian and timing of the flights, which are majorly during the night time.

In view of the findings of this study, it is recommended that the next TRS may engage in pro-active collection of data from the custodian, utilise more sophisticated statistical tools for analysis and focus on the reasons of time taken in the processes after the grant of LEO, so as to speedily achieve the NTFAP export release time of 12 hours.

***
The TRS Team has made every effort to ensure that the compilation and calculation of information in this publication is accurate. However, the TRS Team or ACC, Sahar does not accept any responsibility or liability for error of fact, omission, interpretation, or opinion that may be present, nor for the consequences of any decisions based on this information.

While the TRS Team has exercised all reasonable skill and care in the preparation of data information and analyses in this report, it does not accept any liability in contract, tort or otherwise for any loss, damage, injury, or expense, whether direct, indirect or consequential, arising out of the provision of
Shri Vinayak Azaad, Commissioner of Customs (Import)

Shri Vijay Singh Chauhan, Commissioner of Customs (General)

Shri S. Ananth Krishnan, Commissioner of Customs (Export)

Shri Govind Kumar Garg, Joint Commissioner of Customs

Shri Prabhakar Kumar, Joint Commissioner of Customs

Shri Anuj Jain, Customs Appraising Officer

Mr. Rahul Dhingra, Assistant Commissioner, CGST & CX

Ms. Rhea Joshi, Assistant Commissioner, CGST & CX

Ms. Ninika Dhawan, Assistant Commissioner, CGST & CX