



भारतसरकार

GOVERNMENT OF INDIA

वित्तमंत्रालय, राजस्वविभाग

MINISTRY OF FINANCE, DEPARTMENT OF REVENUE

चेन्नै-IV (निर्यात) सीमाशुल्कआयुक्तकाकार्यालय

OFFICE OF THE COMMISSIONER OF CUSTOMS - CHENNAI-IV(EXPORT)

सीमाशुल्कभवन, नं ६०, राजाजीसालैचेन्नै600001 ,

CUSTOM HOUSE, NO. 60, RAJAJI SALAI, CHENNAI - 600001

Date: 09-10-2024

**MINUTES OF THE PTFC MEETING**

**HELD ON 18.09.2024 AT 11:45 HRS**

1. The Permanent Trade Facilitation Committee (PTFC) Meeting was held on 18.09.2024 at 11:45 hrs through video conference. Shri. A.Manimaran, Commissioner of Customs, Export Commissionerate chaired the meeting.
2. The following officers of Export Commissionerate and Members of the trade attended the meeting:

- i. **Dr S. Periyannan, Additional Commissioner**
- ii. **Shri M. Sathish Kumar, Additional Commissioner**
- iii. **Shri N. Mohan, Deputy Commissioner**
- iv. **Shri S. Babu Kumar Jacob, Deputy Commissioner**
- v. **Smt Jayalakshmi Veerasamy, Assistant Commissioner**
- vi. **Shri P. V. Sudhakaran, Assistant Commissioner**
- vii. **Shri S. Madhavan, Assistant Commissioner**
- viii. **Shri S. Sriramamurthy, Assistant Commissioner**
- ix. **Shri R. N. Sekar, President, CCBA**
- x. **Shri Natarajan, CCBA**
- xi. **Shri Divakaran Nair, Vice President, CCBA**
- xii. **Shri S. Sivashankar, CCBA**
- xiii. **Shri Sattva Padmanabhan, NACFS**
- xiv. **Shri Thomas Antony, Secretary CHENSAA**

xv. **Representative from M/s. SARO International**

3. **Dr S. Periyannan, Additional Commissioner**, extended a warm welcome to all the stakeholders and members who have gathered for the Sixth PTFC meeting of the current financial year and commenced the meeting.

**Points raised during the previous PTFC meeting held in August,2024**

4. **Dr S. Periyannan, Additional Commissioner**, addressed the previous meeting's agenda with regard to selection of containers for scanning. He stated that this matter had already been taken up with NCTC and the response from them is awaited. In response, Shri R.N.Sekar, President of CCBA noted that this topic was discussed at a recent National Assessment Centre(NAC), Mumbai meeting attended by the NCTC Director. The Director requested that details regarding specific Bills of Entry be forwarded through the Port Commissionerate. The Chairman asked Shri R.N.Sekar to share these details, including references to the National Assessment Centre(NAC) meeting and the points raised, so that this matter could pursue further. Dr. S. Periyannan, Additional Commissioner concluded by stating that since the next steps lie with the NCTC, for this commissionerate, this agenda point is now closed.

**Following are the Fresh Points raised for this PTFC meeting**

**Agenda Point No.1: 24/7 SCANNING FACILITY AT KATTUPALLI/ENNORE PORT-REG**

5. **Dr S. Periyannan, Additional Commissioner** addressed the CCBA's request to extend the 24/7 scanning facility at Kattupalli/Ennore ports. He invited Shri R.N.Sekar, President, CCBA, to explain the situation. Shri R.N.Sekar reported that they have been advocating for this extension for several months, but the administration has only indicated that they would consider the request. He highlighted that congestion, particularly at Kattupalli port, has worsened because the scanning machine operates only during the day.

5.1. **Shri Natarajan, CCBA** elaborated on the congestion issues. He

pointed out that vehicles require an Equipment Interchange Report (EIR) to enter the port, which takes considerable time to prepare, causing delay outside the port. Even after obtaining the EIR, a lack of proper delivery plan and accountability results in delays ranging from 8 hours to over a day. The Chairman inquired if extending the scanning hours from 8 to 10 had made any difference. Shri Natarajan responded that the ongoing issues with delivery plans and accountability continue to delay PNR, DPD, and export containers, negatively impacting unloading and delivery processes.

**5.2. The Chairman** acknowledged the trade's concerns and recognized the need to extend scanning facilities. He noted that the number of containers picked for scanning has significantly increased from about 20 per day in March to over 70 now. He mentioned exploring options to increase staff or extend the scanning facility to 24/7 if issues persist. Shri Sattva Padmanabhan from NACFS highlighted a dramatic increase in import (85%) and export (92%) volumes at Kattupalli/Ennore ports, further supporting the need for round-the-clock scanning. The Chairman also noted that the monthly scanning volume had risen from approximately 700 containers in October to around 2000 currently, but mentioned that the reduced volume in Chennai port indicates a migration of traffic rather than an overall increase.

**5.3. Shri R.N.Sekar, President, CCBA** pointed out that extending scanning hours till 10 PM hasn't alleviated congestion because officers instruct terminals not to load containers after 2 PM. This results in containers being held over to the next day if the EIR process extends past that time. The Chairman responded by acknowledging that the anticipated benefits of the extended hours were not realized due to operational constraints. He tasked Shri M. Sathish Kumar, Additional Commissioner, with finding a solution, including possibly reallocating officers from the fixed container facility, which is currently under utilized. He emphasized the urgency of addressing these issues and assured the trade that they would seriously consider extending the scanning facility to 24/7. Additionally, he instructed Shri M.Sathish Kumar, Additional Commissioner, to engage with port authorities on the EIR and congestion issues raised by the trade.

**Agenda Point No.2: DELAY IN APPROVAL OF MANUAL TEST MEMO (TM).**

**6. Dr S. Periyannan, Additional Commissioner** discussed Agenda Point No.2, stating that online Test Memos are typically issued for all samples drawn. However, certain CTHs are not fully mapped in the ICEGATE/ICES online system, necessitating the use of manual test memos for these cases. He mentioned that, as per board instructions and a standing order from 2021, approval for generating manual test memos must be obtained from the Additional/Joint Commissioner of Customs in the relevant field formation. This has raised concerns from the trade, as approvals must be secured from both the ADC/JC of the Export Commissionerate and the ADC/JC of the concerned field formation. The Chairman inquired about Sample B/E No: 4614179 dated 20.07.2024 (HS Code: 55033090) that was presented in the agenda point. Dr S. Periyannan, Additional Commissioner asked Shri R.N.Sekar, President, CCBA to explain about the same.

**6.1. Shri R. N.Sekar, President of the CCBA** , explained that the issue of mapping HS codes in the ICEGATE/ICES system had been discussed previously with DG systems, which is under process. He highlighted that delays occur when manual TM permissions are required for unmapped HS codes, as the approval process is cumbersome, moving through multiple levels (EO to AO to AC(CFS) to ADC(Exports) to ADC(EDI) to Lab) and then returning the same way, which leads to significant delays. He specifically mentioned that the importer had incurred approximately 4.5 lakhs in demurrage charges due to delays in approval for Sample B/E No: 4614179. The Chairman acknowledged these concerns and requested Dr. S.Periyannan, Additional Commissioner to communicate with the concerned Commissioner about the trade's difficulties stemming from these delays. He suggested that the new ADC(EDI), having recently joined, might need time to familiarize himself with the process, which could be contributing to the delays. He asked Shri R.N.Sekar about the current situation with regard to delay in approving manual TMs.

**6.2. Shri R.N.Sekar, President of the CCBA** elaborated that previously,

manual TMs were approved solely by the ADC(Exports) based on the examiner and AO's report. However, the new process now requires sending approvals to the ADC(EDI) and then to the lab, causing additional delays. When asked why this change occurred, Shri R.N.Sekar confirmed that no specific incident prompted it. The Chairman stated that processes typically don't change without reason and inquired about the duration of the approval process, to which Shri R.N.Sekar responded that now it takes over a week. If the approvals were obtained from the AC, it could potentially be granted on the same day. The Chairman recognized the seriousness of the delays and sought to understand the rationale behind the current approval process. Dr. S.Periyannan explained that standing orders from both the field-level Export Commissionerate and the Director of CRCL, based on Board's circulars, necessitated this structure. He agreed that there is a need to revisit these Standing Orders. The Chairman concluded that, regardless of the rationale, a delay of 4 to 5 days on live consignments is unacceptable. He assured the trade that he would work towards finding a solution to this issue.

#### **Discussion points which were not a part of Agenda Points.**

7. **Shri R.N.Sekar, President of the CCBA**, raised a critical issue regarding invoices related to Import LCL cargo. He stated that among the 32 CFSs, only some are managing LCL clearances, and these CFSs are allegedly subletting their premises to freight forwarders. As a result, invoices are being issued by these forwarders instead of the licensed custodians, leading to excessive charges. He emphasized that according to the handling regulations, only CFS authorities should issue invoices since they hold the necessary licenses from Customs. He expressed that if anything happens in the future and if the importer needs to claim the cargo, this practice could lead to legal complications for importers who have not directly paid handling charges to the CFSs.

7.1. **The Chairman** appreciated the gravity of this issue and asked Dr. S.Periyannan, Additional Commissioner, whether this had been identified during recent inspections of the CFSs. He requested that a communication be

sent to all CFSs handling LCL cargo, inquiring about any subletting practices and how invoices are generated for service users. He further asked whether this practice is widespread or limited to specific CFSs, to which Shri R.N.Sekar confirmed it is selective. The Chairman asked representative of NACFS whether he has anything to say on this matter. Shri Sattva Padmanabhan from NACFS responded, asserting that they do not engage in subletting to freight forwarders. He explained that billing depends on the agreements with importers, who typically contract freight forwarders for handling and clearing cargo. He clarified that forwarders manage all technical activities, including customs brokering and CFS charges, and are approved by Customs.

**7.2. The Chairman** responded and stated that as far as CFS is concerned the Cargo in containers has to be brought into CFS for examination purpose. In handling this cargo what kind of a role is freight forwarders having? Shri Sattva Padmanabhan explained that for LCL cargo, forwarders handle contracts from suppliers to importers, managing all logistical tasks. Shri R.N.Sekar disagreed with this perspective, citing Customs Brokers Regulations that stipulate only customs brokers can file bills of entry and that CFS invoices should be directed to customs brokers, not freight forwarders. He stressed that freight forwarders without customs broking licenses cannot handle clearance processes. Shri Sattva Padmanabhan reiterated that CFS invoices are issued to whoever brings business, clarifying that they are not subcontracting. He mentioned that if a customs broker pays, then the invoice can be raised in their name; otherwise, invoices go to the freight forwarders.

**7.3. Shri R.N.Sekar** clarified that it was a complete misunderstanding. We are not concerned with the issue of CFSs raising invoice to the freight forwarders. The main issue is that CFSs should issue invoices directly when customs brokers seek cargo clearance, regardless of agreements with freight forwarders. Shri S. Sivashankar, CCBA, also stated his point, emphasizing that CFS bills cannot be issued by forwarders on behalf of the CFS.

**7.4. The Chairman** concluded that while the invoice process is between the service provider and receiver which is fine, the key concern is the

potential subletting of activities at CFSs. As per the Cargo handling regulations, certain activities can be permitted to be outsourced by the CFS to others, provided they take prior permission from the Commissioner. But, we will look into this matter whether any illegal subletting activities are going on in the CFS or not. He also asked the trade to approach the Department with evidences of any such activities happening in the CFS and assured the trade that if such thing comes to our notice, strict action will be taken accordingly.

8. As there were no further points raised for discussion, the meeting concluded with a vote of thanks to the chair.

M Sathishkumar  
ADDITIONAL COMMISSIONER

**To**

- 1. All the Stakeholders**
- 2. EDI with request to upload in Chennai Customs website**