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German Bundestag



Indo-German Cooperation on **Agricultural Market Development**

*Building sustainable partnerships*

# AGRI-TRADE LOGISTICS & CUSTOMS REGULATION



Compiled by

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Indo-German Cooperation on  
**Agricultural Market Development**

## Preface

The Indo-German Cooperation on Agricultural Market Development (AMD) Project is intended to contribute to the sustainable economic growth of India's agricultural sector and improve livelihoods in rural regions. The project's goal is to support India's strategy for modernizing agricultural markets and enhance knowledge and skills on the various key aspects of international Agribusiness management, specifically targeting the European Union (EU) markets. The project further focuses enhancing the knowledge on international market management; outlook to identify markets and buyers; Indian and EU trade policies; import regulations and associated incentives; agri trade logistics & management; emerging foreign trade policies; and tools for enhancing price competitiveness in the global markets.

It is with great pleasure that we present an e-book, "Agri-Trade Logistics and Customs Regulation" The e-book comprises information on export food trade policies and showcasing the need and scope of export opportunities in Rajasthan, Odisha, and Uttar Pradesh states. The e-book will give information and knowledge to upcoming entrepreneurs and learn the details to start a foreign trade operation. The e-book has been prepared to provide basic knowledge about the export-import management of agri. commodities in seven parts. This e-book is a part of the series of seven e-books as

1. India's agri-food trade policies and export incentives
2. European union agri-food trade policies and import regulations
3. Product and market identification for exports
4. International marketing management
5. Trade operations and documentation
6. Agri-trade logistics and customs regulation
7. International trade and finance

We wish all the officials from the agriculture and marketing division/ APMCs, state representatives from the Directorate of Marketing and Inspection (DMI), and leading exporters/ agri-startups/ FPO CEOs/ FPOs resource institutions that will benefit from the e-book and get knowledge about export-import operations.

**Dr. Ramesh Mittal, Director,  
CCS National Institute of Agricultural Marketing**

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S.No.	Topic
1	Basics Of Indian Customs & Exim
2	Export Procedure
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6	Irregular Transactions Seizure / Arrest / Adjudication

# Agri-Trade Logistics and Customs Regulation



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## Indo-German Cooperation on Agricultural Market Development



# **Chapter No 1**

## **Basics Of Indian Customs & Exim**

# Certificate Training Program on Agri Export Import Management

## Agri-Trade Logistics and Customs Regulation

### 01 - BASICS OF INDIAN CUSTOMS & EXIM

Dated: 31<sup>st</sup> January 2023

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### Basics of Indian Customs & EXIM

- World Trade Organization (WTO)
- World Customs Organization (WCO)
- Directorate General of Foreign Trade (DGFT)
- Central Board of Indirect Taxes & Customs (CBIC)
- Customs Hierarchy
- Participating Government Agencies (PGAs)
- Supply Chain – Logistics & Customs
- Post / Courier / Cargo / Hand Carry
- Airports / Ports of India / Land Custom Stations
- Manuals
- Online Portals
- Working Flowchart

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# WTO & WCO

The World Trade Organization (WTO) and the World Customs Organization (WCO) are significant players in international trade matters. WTO and WCO facilitate the global supply chain.

## WTO

- Geneva – 1995 / 164 Countries
- The WTO primary function is that of a negotiator.
- The organization focuses on the removal of barriers to international commerce through multi-lateral trade agreements.
- It provides a dispute settlement process within member countries.

## WCO

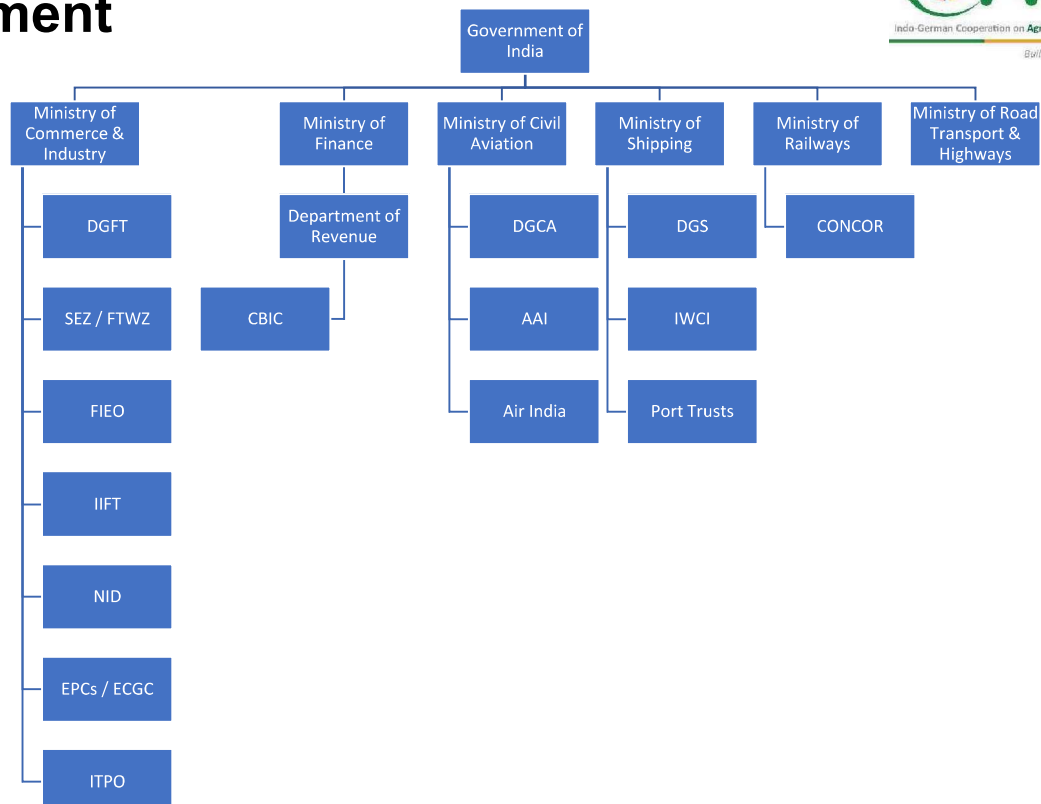
- Brussels – 1953 / 183 Countries
- The WCO role is to govern various frameworks and conventions that facilitate secure and free flowing international trade.
- The WCO is made up of representatives of the customs administrations of member countries.

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# Government

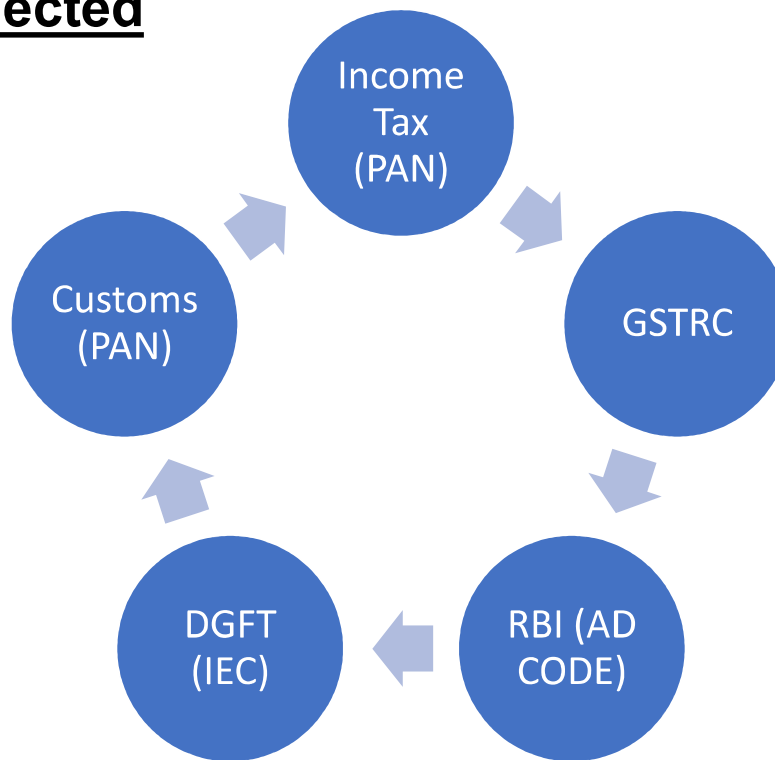


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# Inter-Connected



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## DGFT

- Ministry of Commerce & Industry
- Delhi – 1991 / 24 regional Offices
- Foreign Trade Policy – 05 years / 09 chapters – Current FTP – 2015-20.
- essentially involved in the regulation and promotion of foreign trade through regulation. Formulation & Implementation of Exim Policy, guidelines and principles for Indian importers & exporters.
- DGFT has been assigned the role of "facilitator".
- Development of trade relations with various other national through agreements, and thus helps in economic growth.
- Keeping in line with liberalization and globalization - overall objective is of increasing exports.
- The shift was from prohibition and control of imports/exports to promotion and facilitation of exports/imports, keeping in view the interests of the country.

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# CBIC (Customs)

- Ministry of Finance
- Delhi – 1944 / 1 President – 06 members (01 member is for Customs)
- Controlling the movement of goods, conveyances and persons at border crossings – a basic affirmation of national sovereignty.
- Responsibility of customs:
  1. Revenue Collection
  2. Implementation Trade Agreements
  3. Community Protection
  4. Trade Policy
  5. Auditing
  6. Enforcement
  7. Trade Statistics
  8. National Security and Border Protection

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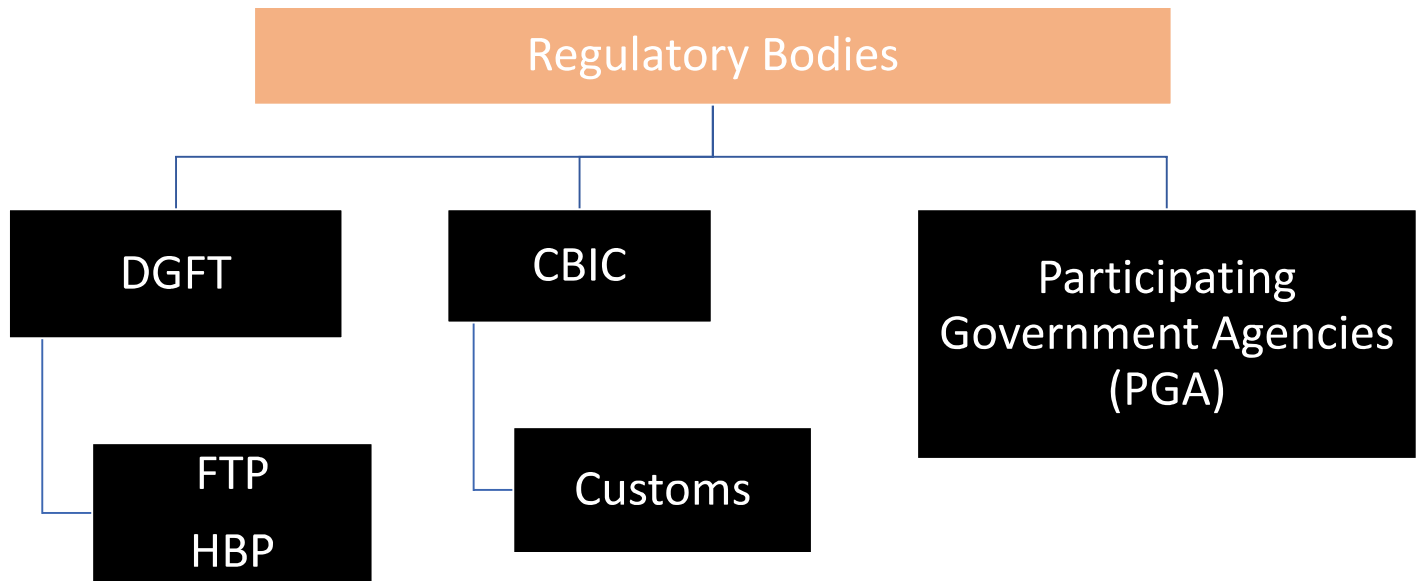
## Customs Hierarchy

1. Ministry of Finance
2. Department of Revenue
3. CBIC – Chairman – Member of Customs
4. Principal Chief Commissioner – Zone (11)
5. Chief Commissioner / Director of Customs – Commissionerate (92)
6. Principal Commissioner - Vertical
7. Additional Commissioner
8. Joint Commissioner
9. **Deputy Commissioner**
10. **Assistant Commissioner**
11. Superintendent / Appraiser
12. Inspector
13. Clerk / Public Officer / Assistant Officer

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## Participating Government Agencies (PGAs)

### SWIFT – Single Window Interface for Trade

1. Plant Quarantine
2. Animal Quarantine
3. Wild Life Crime Control
4. FSSAI
5. ADC
6. Textile

### Other PGAs

1. BIS
2. WPC
3. APEDA
4. Legal Metrology Department
5. Central Pollution Control Board
6. Ministry of Environment
7. Ministry of Steel
8. EIA

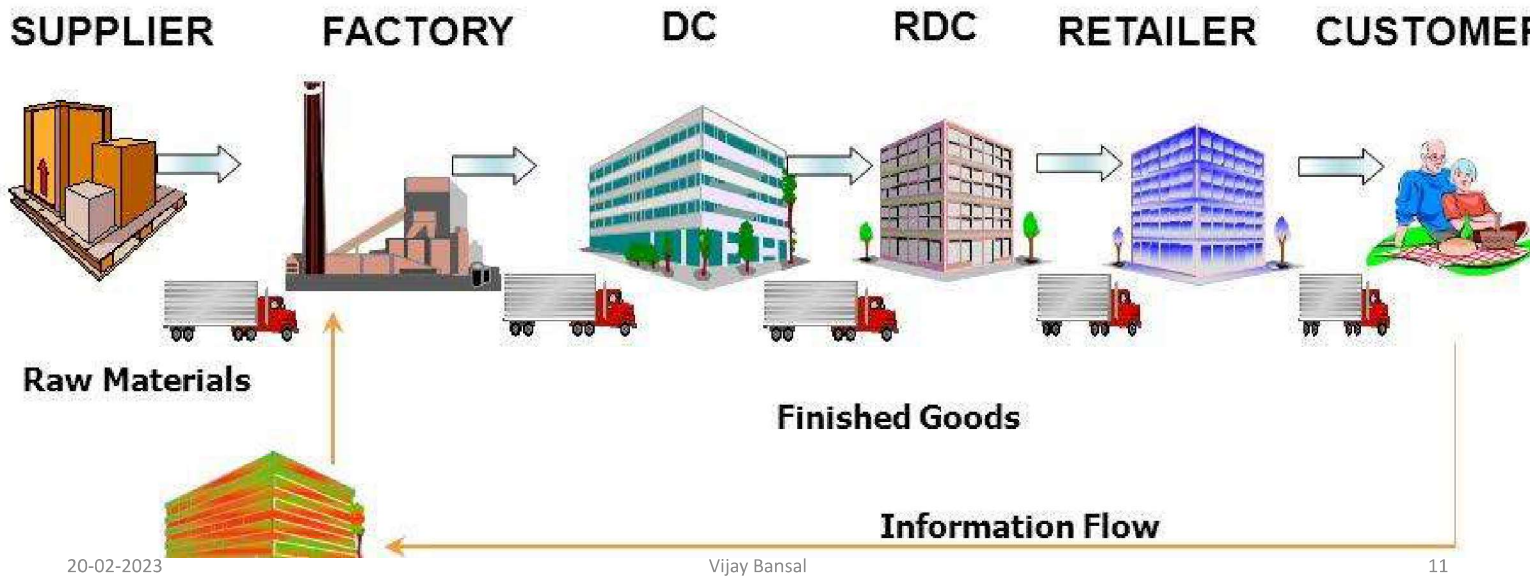
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# Supply Chain Structure



## Logistics

Logistics is the management for the flow of goods from the point of origin to the point of consumption. (part of supply chain)

## Custom Clearance

The act of passing goods through customs so that they can enter or leave the country. (part of supply chain)

# Major Factors

- Commodity – Prohibited / Restricted / Free / Channelized
- Documentary / Legal Requirements
- Mode – Air / Sea / Land
- Transit – Air / Sea / Land / Courier / Post / Hand Carry
- Remittance.

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## Post / Courier



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## Sea / Air



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## Hand Carry



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# Airports

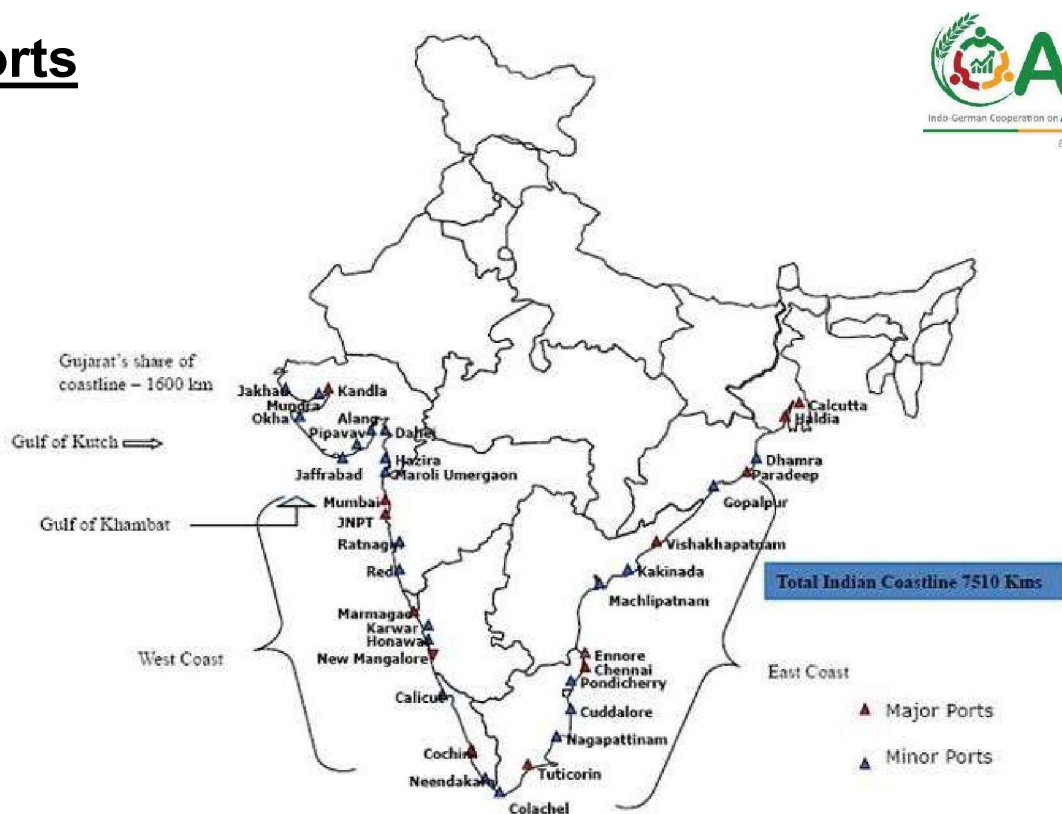


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# Seaports

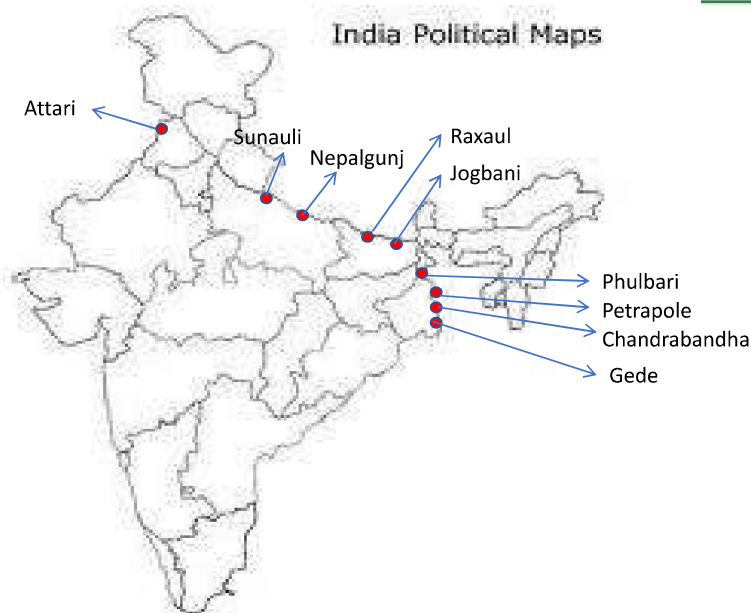


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# Land Custom Station



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## Manuals Used

- Foreign Trade Policy – DGFT - <https://dgft.gov.in/CP/>
- Handbook of Procedure – I & II – DGFT - <https://dgft.gov.in/CP/>
- Custom Manual – CBIC - [https://www.cbic.gov.in/htdocs-cbec/deptt\\_offcr/cs-manual](https://www.cbic.gov.in/htdocs-cbec/deptt_offcr/cs-manual)
- Custom Tariff – CBIC - <https://www.cbic.gov.in/htdocs-cbec/customs/cst1920-310320/cst1920-310320-idx>
- Duty Drawback – CBIC - <https://www.cbic.gov.in/htdocs-cbec/customs/dbk-schedule/dbk-idx>
- Notifications / Circulars / Public Notices – CBIC - <https://www.cbic.gov.in/Customs-Notifications>
- Custom Act, 1962 - <https://www.cbic.gov.in/htdocs-cbec/customs/cs-acts-botm>
- Custom Tariff Act, 1975 - <https://www.cbic.gov.in/htdocs-cbec/customs/cs-acts-botm>

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# Online Portals

- CBIC – [www.cbic.gov.in](http://www.cbic.gov.in)
- DGFT – [www.dgft.gov.in](http://www.dgft.gov.in)
- CUSTOMS – [www.icegate.gov.in](http://www.icegate.gov.in)
- SEZ – [www.sezonline-ndml.co.in](http://www.sezonline-ndml.co.in)

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## Working Flowchart



Setting up a business.  
For International biz – IEC from DGFT  
Licenses



Finding the buyer.  
Beware of False calls / Ads  
Buying Houses / Agents / Direct Customers  
Exhibitions / Fairs / Promotion Councils



Sampling.  
Quality Sampling to right person  
Cost of the sample  
Limit of sample allowed by Customs

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Purchase Order / Contract / LC.  
Get it checked thoroughly  
Background / solvency check of the buyer  
LC Banks should be reputed  
Required by Customs for Valuation Check



Business is finalized. Attention to all details.  
Incoterms / payment terms / RBI guidelines  
Proper Insurance of the shipment Value + Transit



Manufacturing. Ship windows.  
India – lot of working holidays  
Discounts / concessions

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Quality Control.

## Packing, palletisation , labelling & marking



Documentation.  
E-Sanchit

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Custom port timing / procedure / documentation



Right size / closed body (rain / pilferage) / road permits  
Time bound to catch conveyance, no entry timings,  
Reputed transporter, driver with mobile, waiting time,  
Loading / Offloading, truck union.



Custom Clearance on time, to avoid delay.  
Correct details in the custom document.  
Right Custom Broker with experience & knowledge.

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-Right mode of Forwarding, cost / time / procedure  
-Packing as per the mode. Pilferage free

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Check the documents transmission to various stakeholders. (DGFT / BANK / CUSTODIAN / OFFICE / BROKER)



Check with the bank.  
Follow up with bank for any discrepancy / shortage.  
Follow up for payment.



Full remittance as per the contract.  
Receiving remittance within stipulated time (as per RBI)  
Bank charges.

# **Chapter No 2**

## **Export Procedure**

# Certificate Training Program on Agri Export Import Management

## Agri-Trade Logistics and Customs Regulation

### EXPORT PROCEDURE

#### Contents

#### Custom Clearance Process of Export Consignment

- Pre-requisite
- Points to be noted while exports
- Classification of Goods
- Participating Government Agencies
- Export Custom Clearance Procedure

## **Pre-requisite**

- IEC to be issued by DGFT & reflecting in Customs Systems – ICEGATE.
- Current A/C with bank dealing in Foreign Exchange.
- Bank AD Code & IFSC to be registered with the respective Custom Station.
- First time export registration at respective port.
- Prohibited / Restricted / Channelized / Free

## **Points to be noted**

- Alert on IEC (5650 Risky exporters PAN India).
- Product to be exported – Mask / Handicraft / Edible Items / Fruits & Vegetables / Cotton / Onion / Rice / Pulses
- Export under GST payment or LUT.
- Valid Factory Stuffing Permission.
- Duty exemption license obligation.
- Export proceeds and its implications.



## **Classification of Goods**

- There are 98 chapters
- From living beings > flora & fauna > metals > machines > latest additions.
- First 6 digits should be the same worldwide.
- Export Cess or Duty / GST are levied as per HS Code.
- Drawback & MEIS / SEIS are availed basis HS Code.
- HS Code should be properly selected to avail these benefits / duty levy / etc.
- Getting the shipment cleared under improper HS Code is mis-declaration.

## **Participating Government Agencies (PGAs)**

1. Assistant Drug Controller
2. Agricultural & Processed Food Products Export Development Authority (APEDA)
3. Food Safety & Standards Authority of India (FSSAI)
4. Gems & Jewellery Certificate
5. Intellectual Property Right (IRP) - Brands
6. Certificate of Origin – Preferential & Non-Preferential.

*Private Inspection Agencies / Testing Laboratories - SGS*

## Export Shipment is processed at ONLY 1 stage:

### 1. Shed (Physical Shipment)

Examination of Export shipment is based on the sensitive product & sensitive import country.

Export Cess / Duty is as per the product you are exporting.

## Export Custom Clearance Process

Custom Broker

Upload Documents  
File Annexure  
Checklist – Approved

ICES\*

No  
Examination

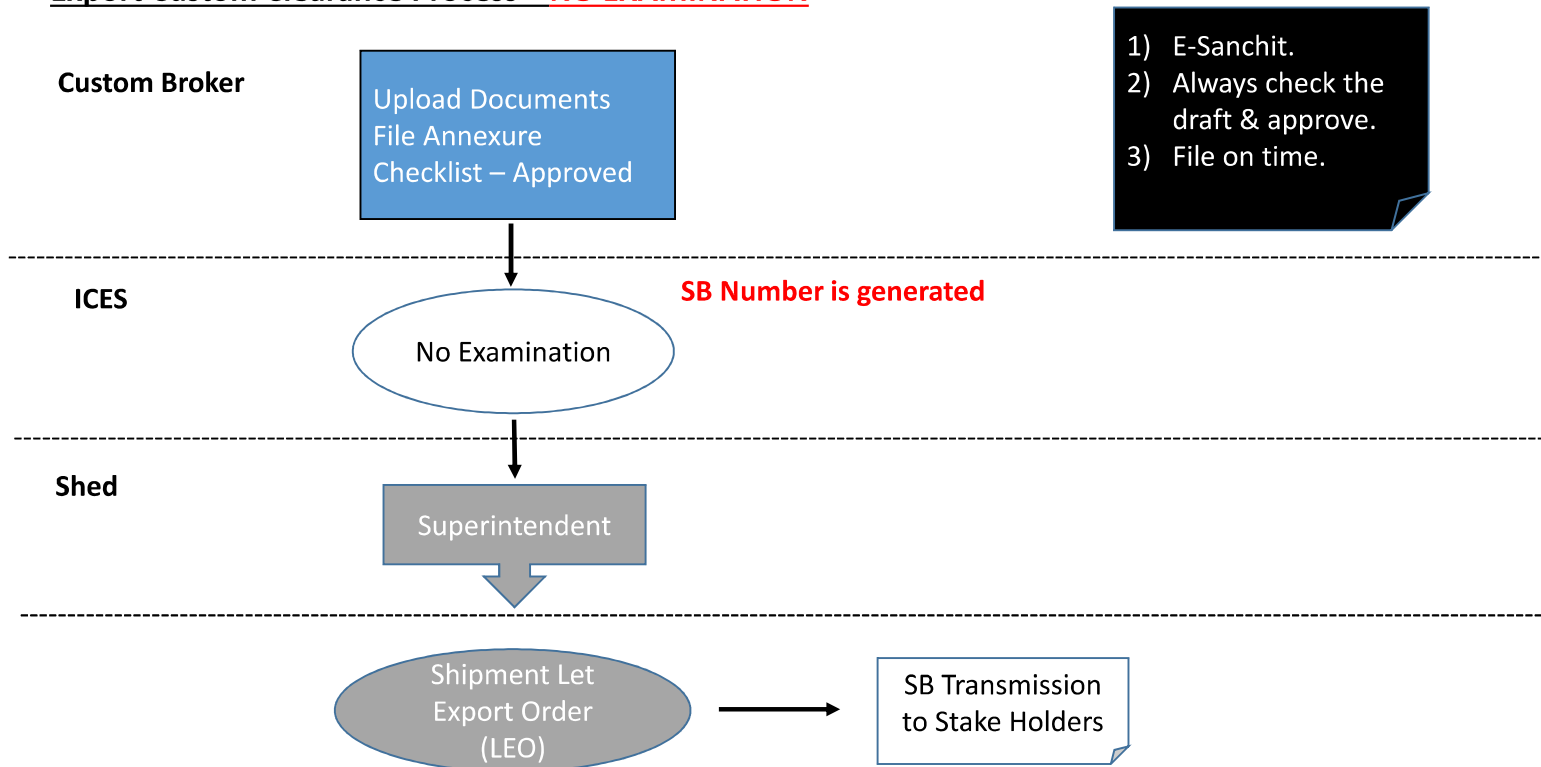
Examination

**SB Number is generated**

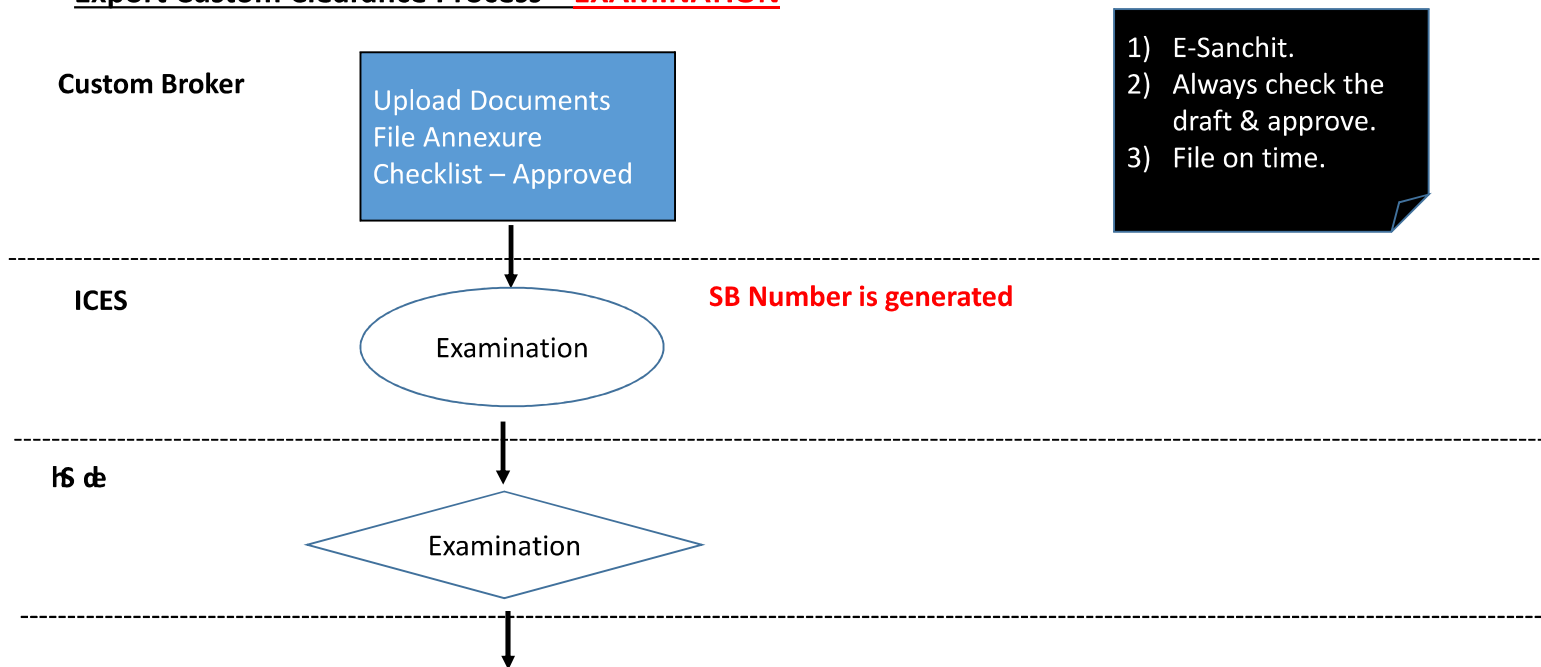
AIR SB is valid for 7 days  
SEA SB is valid for 15 days

\*ICES - Indian Customs EDI System

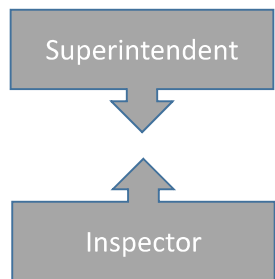
## Export Custom Clearance Process – **NO EXAMINATION**



## Export Custom Clearance Process – **EXAMINATION**

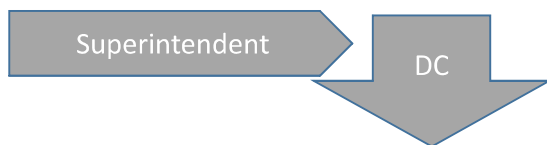


Shed



1) Inspector will physically examine the material.

Shed



SB Transmission to Stake Holders

Shipment Let Export Order

Online SB transmission

Shipment Let Export Order (LEO)



# **Chapter No 3**

## **Import Procedure**

# Certificate Training Program on Agri Export Import Management

## Agri-Trade Logistics and Customs Regulation

### IMPORT PROCEDURE

#### Contents

#### Custom Clearance Process of Import Consignment

- Points to be noted while imports
- RMS
- Single Window Interface for Trade (SWIFT) & PGAs
- Import Procedure
- Types of Duties
- Import Duty Calculation



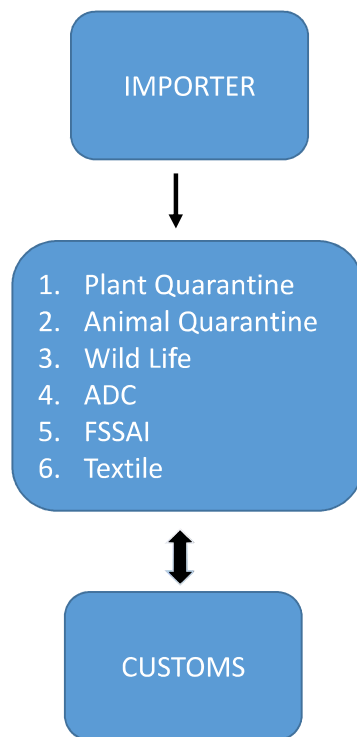
### **Points to be noted**

- Timelines – within 24 hours BOE should be filed.
- Once filed cannot be re-filed, it can be amended.
- Uncleared / Unclaimed goods.
- Valuation.
- Free Trade Agreements (FTA)

### **Risk Management System (RMS)**

- It is not possible to examine 100% shipments.
- RMS was introduced.
- Following are the criteria:
  1. Alert on the IEC
  2. Sensitive Products
  3. Sensitive Country
  4. Sensitive Conveyance

## Single Window Interface for Trade (SWIFT)



- 1) Importer will have User name and password. (few are manual)
- 2) He will fill the annexures and upload documents.
- 3) PGA officials are based at all ports for examination.
- 4) After examination, these officials will issue NOC.
- 5) If required, PGA officials will send the sample for testing to specified labs.
- 6) Without PGA NOC, the shipment cannot be released.

### Participating Government Agencies (PGAs)

1. Legal Metrology Department – Measurement / Packed shipment
2. WPC - Wireless
3. BIS – Electrical / Electronics / Building Material
4. CE Certificate – Second Hand Machines
5. Ministry of Steel – Steel of all grades
6. SVB – Related Parties
7. IPR - Brands
8. APEDA – Agriculture products
9. FSSAI – Packed food product
10. COO under FTAs

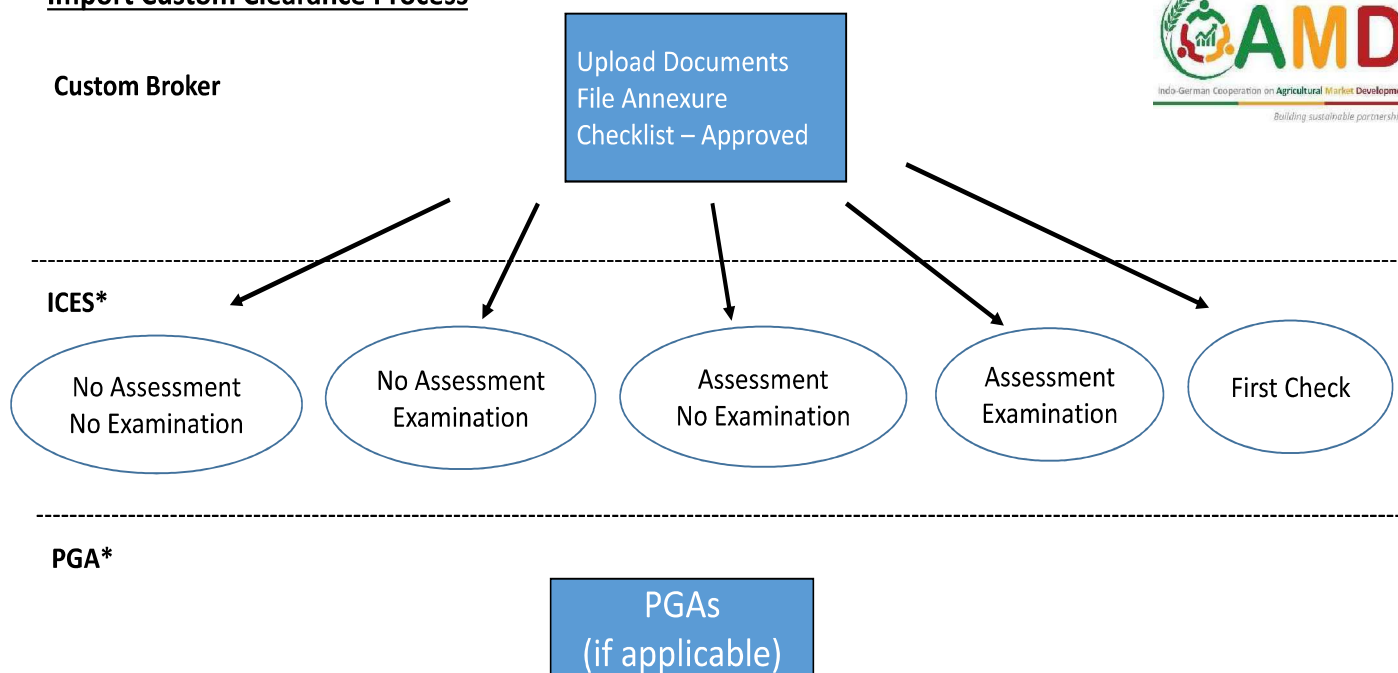
## Getting Ready for Imports

1. IEC issued by DGFT and reflecting in customs system
2. Bank with AD Code Number
3. GSTRC
4. Goods – Prohibited / Restricted / Free
5. Restricted Goods License issued by DGFT and reflecting in custom system

## Import Shipment is processed at 2 stages:

1. Custom House (Documents) – Appraisalment / Assessment
2. Shed (Physical Shipment) - Examination

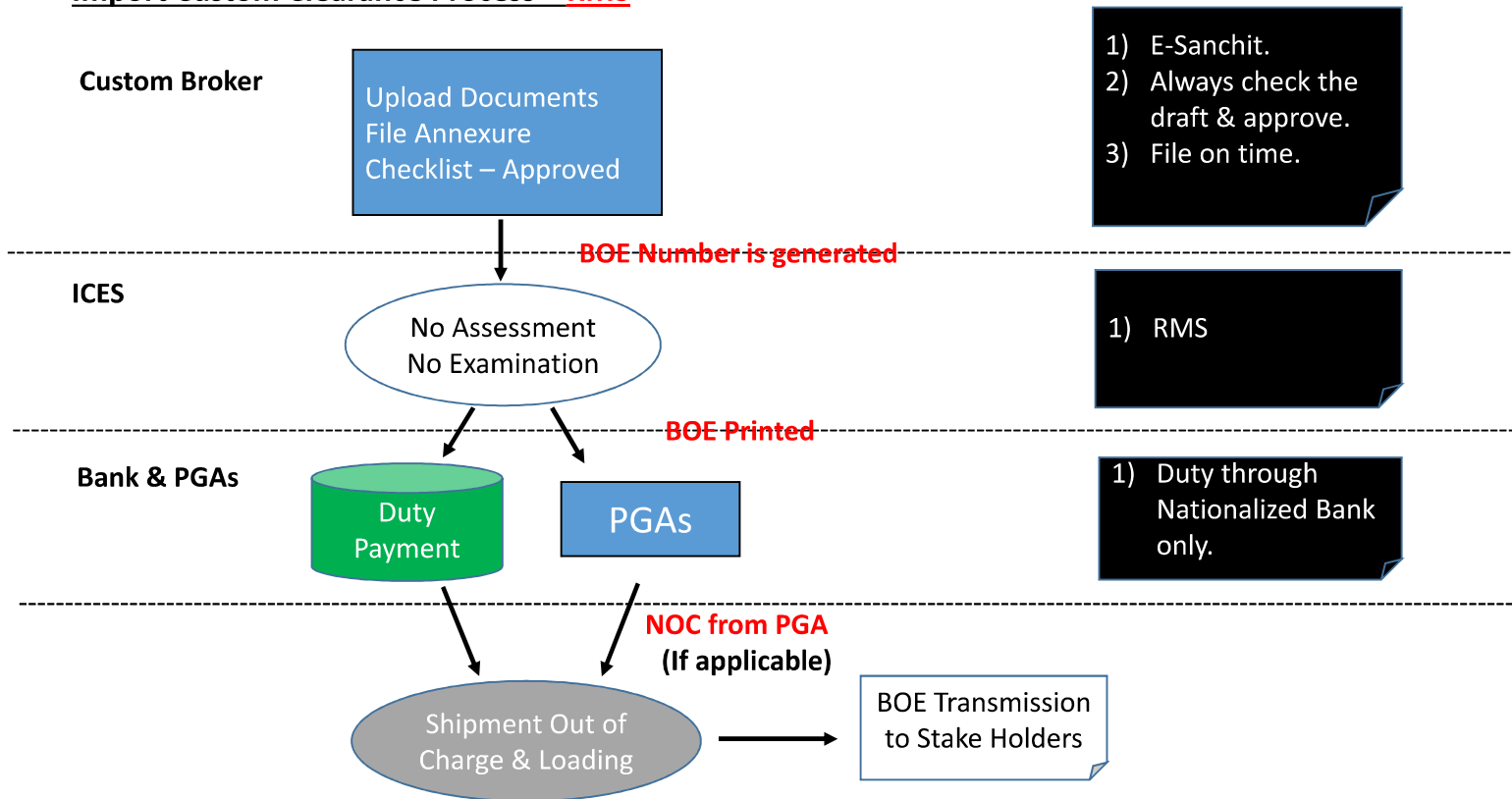
## Import Custom Clearance Process



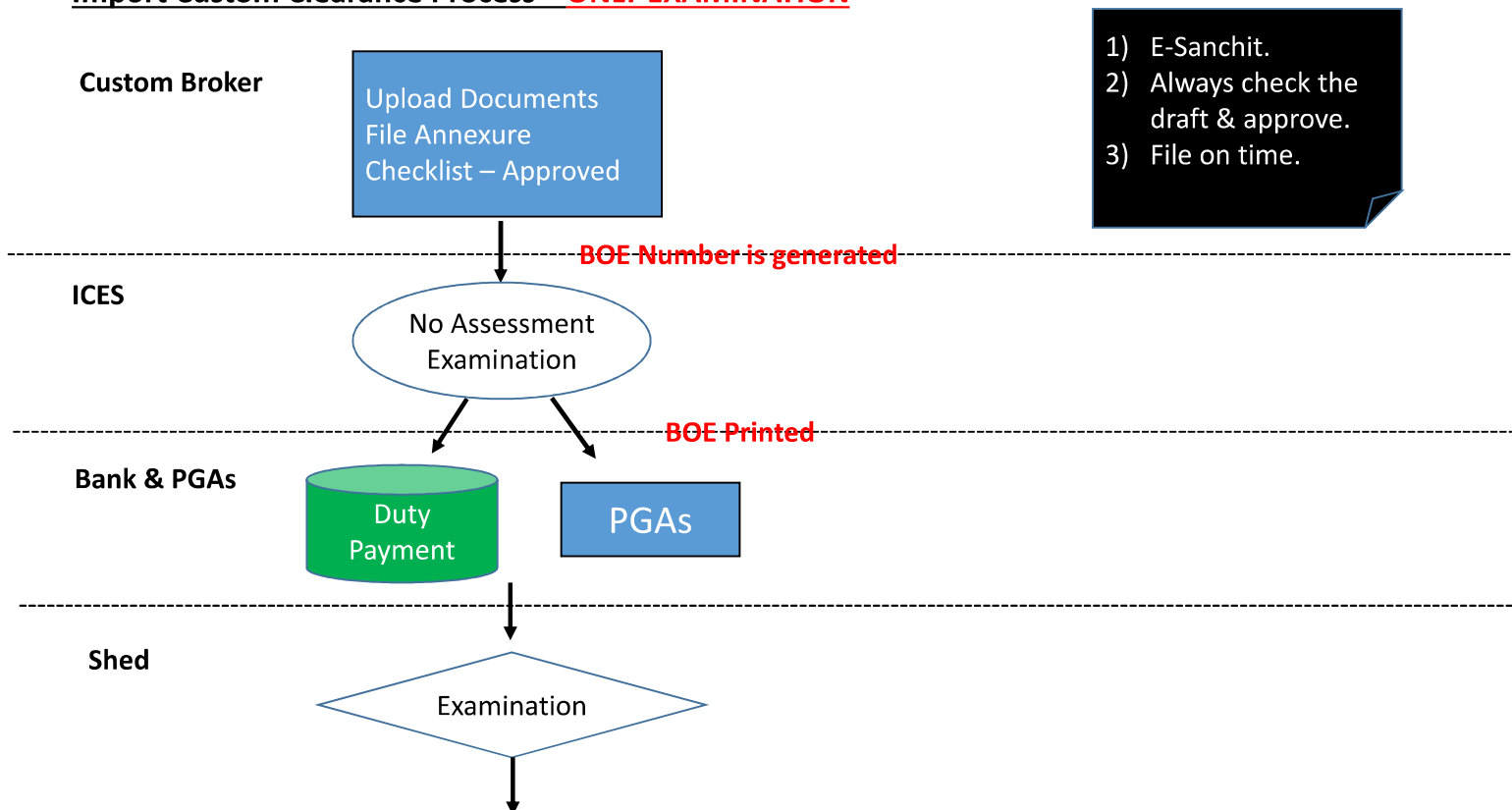
\*ICES - Indian Customs EDI System

\*Participating Government Agencies

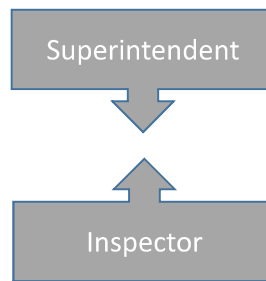
## Import Custom Clearance Process – **RMS**



## Import Custom Clearance Process – **ONLY EXAMINATION**

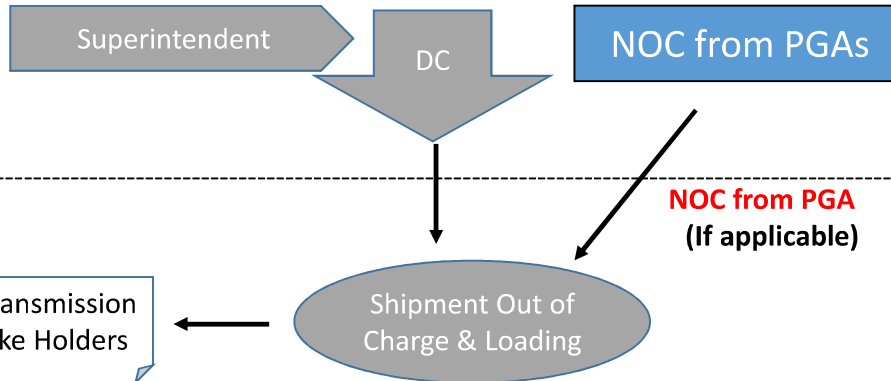


Shed



- 1) Inspector will physically examine the material.
- 2) SWIFT

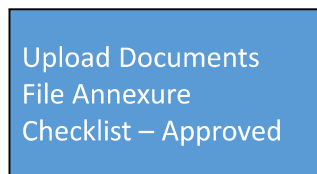
Shed



**NOC from PGA  
(If applicable)**

### Import Custom Clearance Process – **ONLY ASSESSMENT**

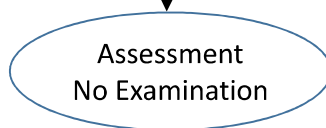
Custom Broker



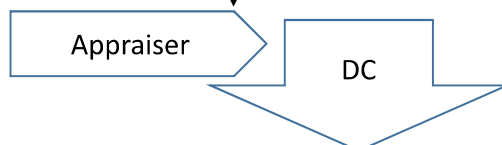
- 1) E-Sanchit.
- 2) Always check the draft & approve.
- 3) File on time.

**BOE Number is generated**

ICES



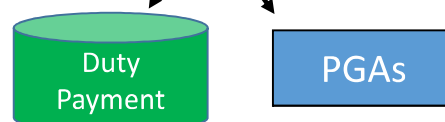
Custom House



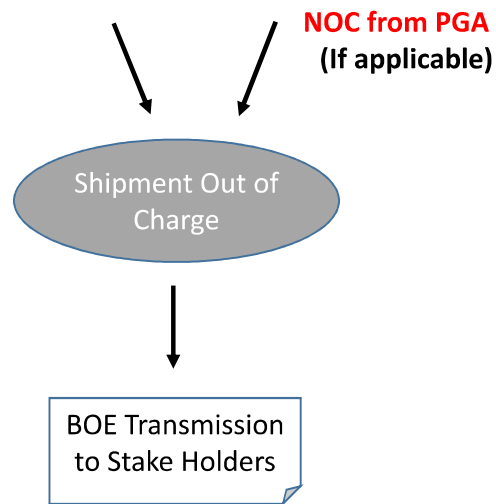
- 1) Faceless Assessment.
- 2) Reply query online.

**BOE Printed**

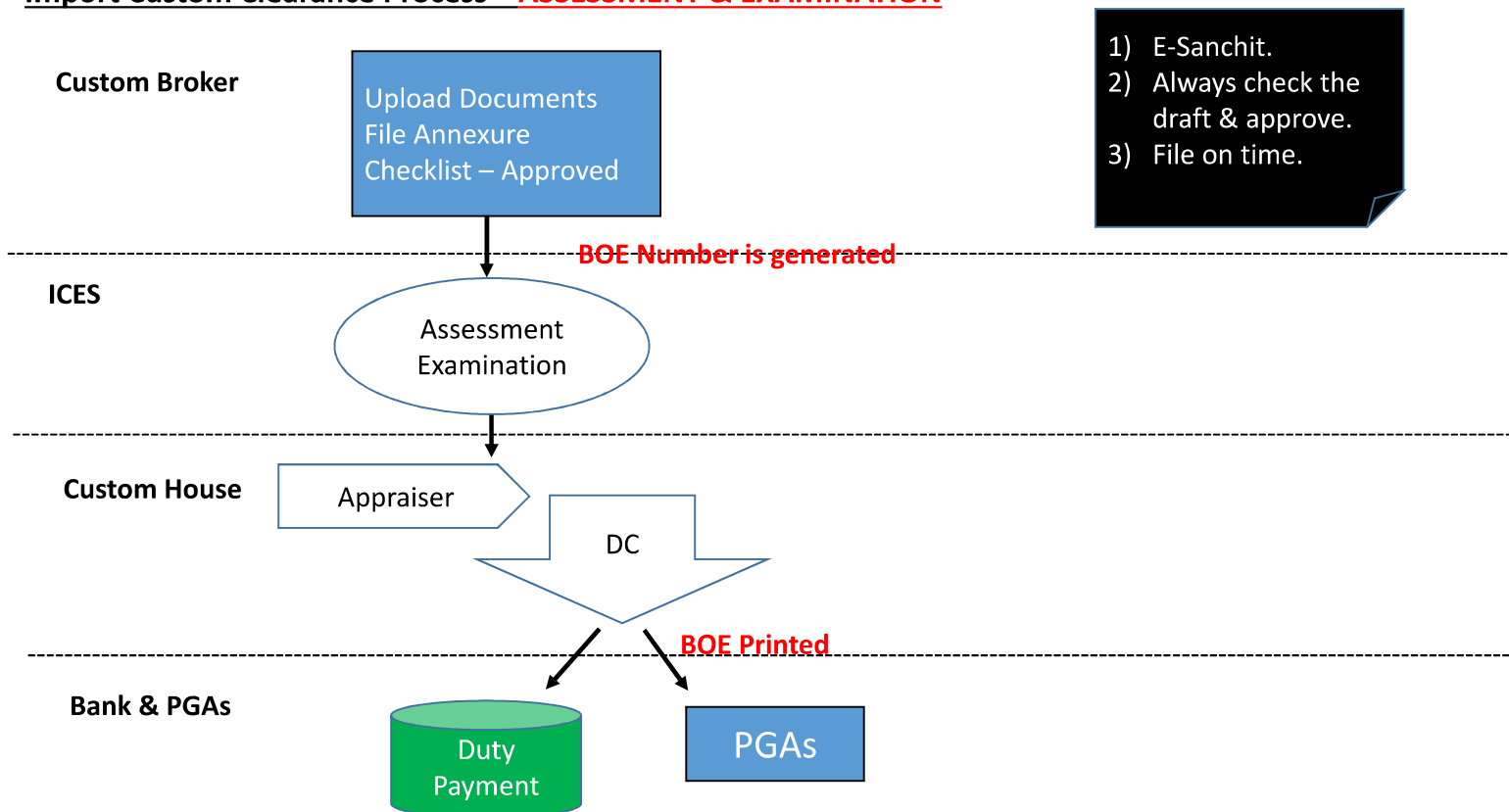
Bank & PGAs



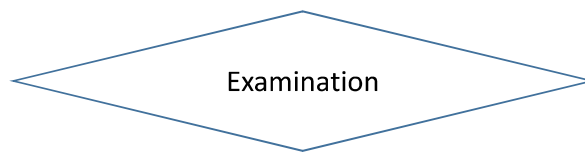
Shed



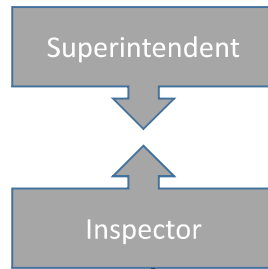
### Import Custom Clearance Process – **ASSESSMENT & EXAMINATION**



Shed

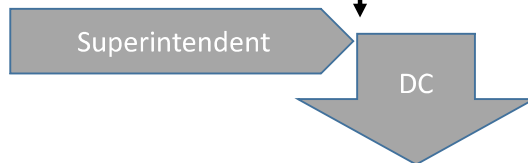


Shed



- 1) Inspector will physically examine the material.
- 2) SWIFT

Shed



**NOC from PGA**  
(If applicable)



BOE Transmission  
to Stake Holders

Online BOE transmission



Bank  
AD Code

DGFT  
IEC

Customs  
IEC

Importer  
IEC

Custodian  
Port

Custom Broker  
CHA #

Payment of  
Carrier Charges

Payment of  
Custodian  
Charges

Loading on Truck  
& despatch

## Types of Duties



1. Basic Custom Duty (BCD)
  2. Social Welfare Surcharge (SWS)
  3. IGST (ITC)
  4. Safeguard Duty – It is a temporary relief. It give domestic producers a period of grace to become more competitive vis-à-vis imports.
  5. Anti-Dumping Duty - A protectionist tariff that a Government imposes on imported material, that it believed to be low priced, below fair market value.
- 
- Preferential COO under FTA gives relief only in Basic Custom Duty, depending upon the percentage rebate mentioned in the notification.
  - SWS & IGST cannot be paid through any MEIS / SEIS credit scrip.
  - IGST ITC can be taken while doing domestic selling. Check on the HS Code.
  - Keep a check on HS Code via-a-vis Safeguard & Anti-dumping duty.

## Import Duty Calculation



Duty is calculated on CIF Value.

C = Cost / FOB Value

I = Insurance or 1.125% of CIF Value

F = Freight or 20% of the Cost + Insurance

**FOB Value :** INR. 47,60,000.00

**Insurance :** 0.0082%

**Freight :** Euro 1209.60 (1 Euro = INR. 87.35)

**Misc Charges :** Euro 122.68

**HS Code :** 84818090

**BOE Filed :** 03th Aug 2020



### **Duty on HS Code :**



Basic Custom Duty (BCD) : 7.5% of CIF Value

Social Welfare Surcharge (SWS) : 10% of BCD

IGST : 18%

### **Calculation for CIF Value**

CIF = FOB value + Insurance + Freight + Misc Charges

= INR. 47,60,000 + INR. 390.32 (0.0082% of INR. 4760000) + Euro 1209.60 + Euro 122.68

= INR. 47,60,000 + INR. 390.32 + INR. 1,05,658.60 (Euro 1209.60 X INR. 87.35) + INR. 10716.10

= INR. 48,76,764.98

= INR. 48,76,765.00

### **Duty on HS Code :**

CIF Value : = INR. 48,76,765.00

Basic Custom Duty (BCD) : 7.5% of CIF Value

Social Welfare Surcharge (SWS) : 10% of BCD

IGST : 18% of (CIF + BCD + SWS)



### **Calculation of Import Duty**

BCD : 7.5% of = INR. 48,76,765.00 = INR. 3,65,757.38

SWS : 10% of INR. 3,65,757.38 = INR. 36,575.74

IGST : 18% of (INR. 48,76,765.00 + INR. 3,65,757.38 + INR. 36,575.74) = INR. 9,50,237.66

Total : INR. 3,65,757.38 + INR. 36,575.74 + INR. 9,50,237.66

Duty Payable : INR. 13,52,570.77

**Round off Duty Payable : INR. INR. 13,52,571.00**

# **Chapter No 4**

## **Irregular Transactions Seizure / Arrest / Adjudication**

# Irregular Transactions Seizure / Arrest / Adjudication

## Content

- Irregular Transactions – International Business
- Searches, Seizure & Arrest
- Appeals & Revisions

## Irregular Transactions

1. Export Material rejected by the buyer.
2. Importer do not have import licenses.
3. Buyer goes bankrupt / not available.
4. Fumigation / Phytosanitary / Health Certificate.
5. Quality issues.
6. Repair & Return.
7. Repair Hub in India.
8. Related Parties.
9. Exhibitions.

## **CHAPTER – XIII - Searches, seizure and arrest**

SECTION 100. Power to search suspected persons entering or leaving India, etc.

SECTION 102. Persons to be searched may require to be taken before gazetted officer of customs or magistrate.

SECTION 103. Power to screen or X-ray bodies of suspected persons for detecting secreted goods.

SECTION 104. Power to arrest. (Quasi Judicial)

SECTION 105. Power to search premises.

SECTION 106. Power to stop and search aircraft / vessel / truck.

SECTION 110. Seizure of goods & documents.

## **CHAPTER – XIV - Confiscation of goods and conveyances and imposition of penalties**

SECTION 111. Confiscation of improperly imported goods, etc. – Prohibited / Restricted / Improper Place / Dutiable Goods / mis-declaration / route.

SECTION 112. Penalty for improper importation of goods, etc. –

- **Prohibited Goods** – Value of the goods OR INR 5000 (whichever is higher)
- **Dutiable Goods**, – Duty sought to be evaded OR INR 5000 (WIH)
- **Under Invoicing** – Difference of Value OR INR 5000 (WIH)

SECTION 114. Penalty for attempt to export goods improperly, etc.

- **Prohibited Goods** – 3 times the value of the goods OR value determined under this act. (whichever is higher)
- **Dutiable Goods, other than Prohibited Goods** – Duty sought to be evaded OR INR 5000 (WIH)
- **Any other Goods** – Value of the goods OR value determined under this act. (whichever is higher)

SECTION 115. Confiscation of conveyances.

SECTION 116. Penalty for not accounting for goods.

- **Imported Goods – 2 times the amount of Duty.**
- **Coastal Goods – 2 times the amount of Export Duty on like goods.**

SECTION 122. Adjudication of confiscations and penalties.

- Without Limit – Commissioner of Customs or a Joint Commissioner of Customs.
- Value of the goods is within INR 2 Lac – AC / DC
- Value of the goods is within INR 10K – Lower rank officer than AC / DC.

SECTION 122A. Adjudication Procedure – 3 times.

SECTION 124. Issue of show cause notice before confiscation of goods, etc.

SECTION 125. Option to pay fine in lieu of confiscation - as the said officer thinks fit.

SECTION 126. On confiscation, property to vest in Central Government.

## **CHAPTER XV - Appeals and Revision**

SECTION 128. Appeals to Commissioner (Appeals)

SECTION 129. Appellate Tribunal

SECTION 130. Appeal to High Court

SECTION 130E. Appeal to Supreme Court

SECTION 130F. Hearing before Supreme Court

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Indo-German Cooperation on **Agricultural Market Development**

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