

Streamlining hard and soft infrastructures

CBIC has issued revised policy and guidelines for setting up of Inland Container Depots, Container Freight Stations and Air Freight Stations. The idea is to bring uniformity, transparency and seamless approval process. **CARGOTALK** speaks to industry veterans to understand their perspective on this.



Kalpana Lohumi

In a bid to meet the requirement of a new paradigm and the aspiration of the trade, CBIC has issued revised policy and guidelines for setting up new Inland Container Depots (ICDs), Container Freight Stations (CFSs) and Air Freight Stations (AFSs). "In the last two decades, both the cargo volumes and capacities of ICDs/CFSs have increased manifold.

A few key initiatives transforming the manner of trade in recent years, such as implementation of the Authorized Economic Operator (AEO) programme, rising penetration of the Direct Port Delivery (DPD) and Direct Port Entry (DPE) initiatives, Self-Sealing (RFID seals), Self-Assessment, Electronic Cargo Tracking System (ECTS) and RMS based facilitation have completely changed the operation of Export-Import logistics," says the CBIC circular.

The CBIC is also targeting higher DPD, DPE numbers with minimum but more effective Customs interventions aided by technological measures. "Therefore, on account of the plethora of changes in the policy, technology landscape and the logistics ecosystem over time, there is a need for revising the policies and procedures for setting up of new ICDs/CFSs/AFSs to meet the requirement of the changing

paradigm and the aspirations of the trade," according to CBIC.

The new policy takes into account the present capacity, future growth potential and regional imbalances and also addresses the need for bringing uniformity, transparency and seamless approval process. It further addresses the identified regulatory and logistics concerns associated with the hard and soft infrastructures of ICDs/CFSs/AFSs in India. The new policy establishes a framework of functional requirements pertaining

to the design and operation of dry ports as well as establishes certain processes to enable sustainable growth of the sector.

Lastly, the new policy aims to lay down appropriate institutional, administrative and regulatory frameworks for development and smooth operation of ICDs/CFSs/AFSs, including procedures for regulatory inspection and the execution of applicable customs control and formalities. Let's hear from industry experts what their reaction on this initiative is...



Pramod Kumar Srivastava
President, National Association of Container Freight Station (NACFS)

Through this notification CBIC has acknowledged that the business scenario has drastically transformed in recent years, thanks to trade-friendly measures such as AEO programme, RFID e-seals, RMS, etc.



REVISED POLICY AND GUIDELINES LAYS A CLEAR PICTURE WITH PRECISE DEFINITIONS

Pramod Kumar Srivastava, President, National Association of Container Freight Station (NACFS), welcomes the move and says, "Previously, the guidelines for setting up a new ICD/ CFS/ AFS were not so clearly explained and this led to a lack of transparency for potential investors in setting up such infrastructure. With the revised policy and guidelines, a clear picture has been laid out with precise definitions. It is highly appreciated that through this notification CBIC has acknowledged that the business scenario has drastically transformed in recent years, thanks to trade-friendly measures such as AEO programme, RFID e-seals, RMS, etc. The process of grouping zones by different categories (green, blue, and red) gives a clear picture of region-based infrastructural requirement to the trade. Moreover, investors now understand the performance benchmark as well as renewal, and de-notification norms of ICD/ CFS/ AFS. The revised guidelines will greatly promote establishments of AFSs, and existing CFS and ICD

operators will be encouraged to extend their infrastructure and set up AFS. With the changing logistics scenario, the handling of cargo in Customs Areas Regulations, 2009 also needs to be reviewed and updated. The revision will be beneficial for the trade as it will encourage more private players to participate in building logistics infrastructure."

"However, CBIC must further clarify whether the cost recovery charges waiver criterion for ICDs and CFSs is on either the completion of containers handled and documents filed or any one of the two above-mentioned criteria. Trade is looking forward to a clarification from the Board on this matter to eradicate any misunderstandings on such a key matter. Overall, the revised CBIC guidelines will bring effective changes in the logistics trade," he adds.

According to **Bharat R Joshi**, Director, ACTL & Vice President, NACFS, "It provides further clarity on regulations and this important sector of logistics and infrastructure, after a long time. Among the many new initiatives, it would help attract further investment, by encouraging infrastructure creation in under-served areas."

"NACFS looks forward to working closely with the relevant authorities, to provide inputs to further refine the few elements of this circular, which could be made even more helpful to the trade," he says.

ISSUES LIKE OVERCAPACITY IN THE INDUSTRY WILL GET ADDRESSED

The revised policy aims to boost investment in CFS/ICD sector in underdeveloped regions in India, while the approvals in regions where already high concentration is there will be discouraged except in exceptional cases. Commenting on the policy, **K Ravichandran**, Senior



Bharat R Joshi
Director, ACTL & Vice President NACFS

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K Ravichandran
Senior Vice President and Group Head Corporate Ratings, ICRA

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Vice President and Group Head, Corporate Ratings, ICRA, says, "The new policy considers the issues faced by the sector; including regional disparities in concentration of facilities, with high concentration of CFS in Western and Southern regions and the adverse impact of new initiatives like Direct Port Delivery (DPD)/ Direct Port Delivery (DPE) on the CFS sector. While, the impact on volumes due to DPD implementation has stabilised to some extent, the margins have witnessed pressure and with growing investments in warehousing space, only CFS players with larger logistics offerings allowing them to re-position their services will be able to continue in the long-term.

Hence, the zoning and distance rules in the revised policy will aid in more balanced development in the sector and prevent concentration of facilities which will improve the viability of existing/upcoming facilities by reducing competitive pressure."

Seamless approval process

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It also addresses the identified regulatory and logistics concerns associated with the hard and soft infrastructures of ICDs/ CFSs/AFSs in India