

Chapter 10

**Transshipment of Cargo**

**1. Introduction:**

- 1.1 A number of ports, airports, Inland Container Depots (ICD), Container Freight Stations (CFS) having Customs clearance facilities have been developed in the country to reduce congestion at the gateway ports/airports and to allow importers and exporters to take Customs clearance of imported and export goods at their door steps. The objectives of bringing the Customs facility to door step of importing community and decongesting the gateway ports/ airports requires the movement of imported cargo or export cargo between a port/airport and other ports/airports, /CDs/CFSs in India or a port/airport abroad.
- 1.2 As per the Customs Act, 1962 duty becomes payable immediately after imported goods are landed at a port or airport. To avoid payment of duty at the port of landing in cases where goods are to be carried to another port/airport or ICD/CFS or to a port/ airport abroad, the Customs Act, 1962 provides a facility of transshipment of cargo without payment of duty. The goods can be transshipped from one port/airport to another port/airport/ICD/ CFS either by vessel, air, rail or road or by combination of more than one such mode of transport.
- 1.3 The procedure for transshipment provided in Section 54 of the Customs Act, 1962 is applicable for imported cargo only. The imported cargo unloaded at a port is allowed to be transshipped to another port/ICD/CFS or a port abroad, if the cargo is mentioned in the import manifest for such transshipment. In regard to export cargo cleared from a port/ACC or ICD/CFS and exported through some gateway port/airport, a similar procedure is being followed to allow carriage of Customs cleared export cargo from port/airport/ICD/CFSs to another port/airport.

**2. Transshipment of imported containerized cargo from gateway port to another port/ ICD/CFS in India:**

- 2.1 The transshipment procedure of imported cargo is governed by Section 54 of the Customs Act, 1962 read with Goods Imported (Conditions of Transshipment) Regulations, 1995 as well as relevant Board's circulars and instructions.
- 2.2 Transshipment Permit is the permission granted by the Customs, at the port/airport of unloading of imported goods, to shipping agents for carriage of goods to another port/airport/ICD/CFS in India. The shipping agent submits an application along-with transshipment forms (5 copies), sub-manifest and a copy of IGM to the Customs. The Customs scrutinizes the details furnished by the shipping agents in the application for transshipment. In case, the documents are in order and there is no alert notice against the shipping agent, permission for transshipment is granted.
- 2.3 To ensure that imported cargo, on which duty has not been paid, are not pilfered en-route to another port/airport/ICD/CFS and reach safely, a bond with bank guarantee is executed by the carrier engaged for the transshipment of the goods. The quantum of bank guarantee for transshipment to be furnished by different categories of carriers is as below:
  - (a) The carriers in public sector (Central/State Government Undertakings) are exempt.

- (b) All carriers (shipping lines/ICDs/CFSSs/other carriers) of containerized cargo handling more than 1000 TEUs as import containers in a financial year, are exempt, irrespective of the fact whether movement is by road or coastal shipping or rail. Further, request of carriers having annual transshipment volume below the limit of 1000 TEUs, but having good track record may be considered for exemption from BG on merit by the jurisdictional Commissioners of Customs.
  - (c) The custodians of ICDs/CFSSs operating as carriers of transshipment cargo between gateway ports and their ICDs/CFSSs shall in their terms and conditions of their bank guarantees executed with Customs for custodianship of ICDs/CFSSs cover safety and security of cargo being transshipped by them. The details of such bank guarantee shall be informed to the Commissioner of Customs having jurisdiction over the gateway port. The custodians of ICDs/CFSSs shall be allowed to transship the cargo against the said bank guarantee and they will not be required to execute a separate bank guarantee for transshipment.
  - (d) The remaining carriers are required to furnish bank guarantee @ 15% of the bond amount.
- 2.4 The terms of the bond is that if the carrier produces a certificate from Customs of the destination port/airport/ICD/CFS for safe arrival of goods there, the bond stands discharged. In case such certificate is not produced within a month or within such extended period as the proper officer of Customs may allow, an amount equal to the value, or as the case may be, the market price of the imported goods is forfeited.
- 2.5 The bond value should be equal to the value of the goods. However, considering the difficulties of shipping agents in producing documents for determination of value of the goods sought to be transshipped, the bond value is determined on the basis of notional value of the goods, which is an average value of cargo per container transshipped in the past.
- 2.6 To avoid multiplicity of bonds, the carriers are allowed to execute a running mother bond instead of individual bonds. The value of mother bond can be arrived on the basis of the average number of containers carried per trip, the average time taken for submission of proof of safe landing of containers at the destination ICDs/CFSSs, frequency of such transshipment as well as notional value of cargo per container. As mother bond is a running bond, its amount may be high. If a running bank guarantee @ 15% of total bond amount is taken, it may block huge sum of money. To avoid blockage of money of carriers, an option has been given to furnish either a running bank guarantee or individual bank guarantee for each transshipment, the latter being released as soon as the landing certificates from destination Customs are produced.
- 2.7 The bond or mother bond and bank guarantee are debited at the time of transshipment of import/export containers at the port of origin, and credited on receipt of proof of safe landing of containers at the port/ICD/CFS of destination. Further EDI system has a 'bond module' which will be fully utilized once 'message exchange facility' is operationalised between two ports. In an online environment, bond re-credit is done automatically in the EDI system on receipt of electronic message between Gateway port and destination port or between two Customs stations.

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2.8 On lines of similar provision for waiver of bank guarantee in case of transshipment of cargo from the gateway port to feeder ports/ICDs/CFSs and vice versa, bank guarantee is waived for air cargo transshipment. Accordingly, airlines/other carriers having annual transshipment volume above 2500 MT to/from any airport are exempt from Bank Guarantee for carriage of transshipment goods. Further, in deserving cases the jurisdictional Commissioners of Customs may consider giving waiver of bank guarantee.

[Refer Circular No. 24/2006-Cus, 25-8-2006]

2.9 After issuance of transshipment permit and execution of bonds, containers are sealed with 'one time bottle seal' by the Customs. In case, containers are already sealed with 'one time bottle seal' by the shipping agents, there is no requirement of sealing again by the Customs. In such cases, shipping agents are required to inform the serial number of seals to Customs, which is just verified by the Customs.

2.10 After sealing and/or checking of seals by Customs, containers are moved from the gateway port and carried by the shipping agents to destination port/ICD/CFS by vessels, rail or road. Transshipment formalities in all these modes are similar.

2.11 To optimize the capacity utilisation of vessels, Indian flag foreign going vessels operating in routes covering more than one Indian port to a port outside India and vice versa, have been allowed to carry coastal containers alongwith imported/export cargo between two Indian ports. Further, coastal vessels have also been allowed to carry coastal containers along-with imported/export cargo between two Indian ports. However, to guard against the possibility of replacement of transshipment goods with domestic containerised cargo, some safeguards have been prescribed. All the transshipment containers as well as domestic containers are required to be sealed by 'one time bottle seal' at the port of loading. The domestic containers are required to be suitably painted with bold letters 'For Coastal Carriage only' for their identification. Carriers are also required to file a manifest for domestic containers.

2.12 At the destination, carrier is required to present the sealed cover containing a copy of transshipment permit to Customs. The Customs checks the particular of containers, seals etc. with reference to transshipment permit. The carrier is required to obtain a certificate regarding landing of container from the Customs.

2.13 In case, the seals are found to be broken at the time of examination of containers by the Customs, a survey of contents of the containers is conducted in presence of Customs officer, carrier, importer or his representative and representative of insurance company. Shortage if any, noticed is recorded and is signed by all those present. The carriers are required to pay the duty for pilferage in terms of the condition of bond executed by them with the Customs at the port of loading. This is apart from other action which can be taken under Section 116 of the Customs Act, 1962.

2.14 The carriers have to obtain the landing certificates of containers from the Customs at the destination port/ICD/CFS and submit the same to the Customs at the originating port. The Customs reconciles its record and closes IGMs on the basis of these certificates.

2.15 After safe landing of containers at the destination port/ICD/CFS, the importers or their authorised agents are required to follow all Customs formalities such as filing of Bill of Entry, assessment, examination of goods etc., for clearance of the goods.

**3. Duty free import of containers:**

3.1 As the containers themselves are liable to duty, Customs duty exemption is provided vide Notification No.104/94-Cus, dated 16-3-1994 which, inter-alia, facilitates them being taken out of the port without duty payment subject to execution of bond. The shipping agents are required to file this bond with the container cell of the Custom House, binding themselves to re-export containers within six months of their import into India. The period of six months may be extended by the Deputy/Assistant Commissioner of Customs for a further period of three months and thereafter by the Commissioner of periods not exceeding six months at one time, in terms of the said Notification.

3.2 The procedure for clearance of containers imported temporarily is as follows:

- (a) The nature of bond should be “continuity bond”.
- (b) No Bank Guarantee / Security is required is furnished alongwith the bond.
- (c) Bond should be executed by shipping line, Non Vessel Owning Common Carrier (NVOCC), Steamer agents or their authorised representatives.
- (d) The bond amount should cover only the duty element of the imported containers and not the cargo it is carrying.
- (e) The validity period of the bond should be for a year, extendable till further such period as requested by the person executing the bond.
- (f) Till module for automatic matching of imported and export containers within permissible time is rolled out at all Customs ports, the process of monitoring of period of temporary importation would be done manually.

[Refer Circulars No.83/1998-Cus, dated 5-11-1998 and  
No.31/2005-Cus, dated 25-7-2007]

**4. Transshipment of imported containerized cargo from gateway port to a foreign port:**

4.1 For transshipment of containers from a port in India to a foreign port abroad, shipping agents have to file transshipment application along with relevant documents to Customs for grant of permission to transship the cargo, which is the transshipment permit. In such cases, execution of bond or bank guarantee is not required. After issuance of transshipment permit, goods are allowed to be loaded on to the ship under the Customs supervision. The Preventive Officer supervising the loading is to acknowledge loading of such cargo. The record is reconciled on the basis of endorsement of the Preventive Officer and copy of EGM showing details of such transshipment. Transshipment facility for imported goods in Less than Full Container Load (LCL) is allowed at identified Custom Houses.

4.2 The procedure for international transshipment of LCL containers is as under:

- (i) The application for international transshipment of FCL cargo can be made by master of the vessel or his authorized agent, Non-Vessel Operating Common Carrier (NVOCC) or any person duly authorized by the foreign supplier.
- (ii) No goods for international transshipment should be unloaded from the vessel until the permission for the same is given by the Assistant/Deputy Commissioner of Customs authorized in this behalf by the Commissioner of Customs, on the basis of manifested details in IGM.

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- (iii) The ITP (international transshipment) container details such as Container Number, broad description of goods etc. shall be mentioned in the IGM. In the electronic IGM, there are fields for specifying (a) port of destination, and (b) 'cargo movement' code. For cargo movement, there are three codes which need to be filled correctly with port of destination. These are as follows:
  - (a) 'LC' - Local Cargo: This refers to the port code where cargo is delivered. It is the same as the port of arrival.
  - (b) 'TC' - Transshipment Cargo: This refers to international cargo and the port of destination shall be the port code where transshipment cargo is destined to or delivered.
  - (c) 'TL' - Transshipment to ICD: This is the local cargo where the cargo meant for transshipment to hinterland port i.e. ICD. The port of destination is the port code of the ICD.
  - (d) In electronic manifest message, there is a field to specify that whether the cargo is FCL or LCL or 'EMPTY'. This field is called 'Container Status'. The line and the sub-line numbers provide the inter-linkage between the cargo details and the container details.
- (i) The unloading of ITP containers at gateway port would be in presence of Customs Officers and the containers would be taken to approved place / premises under Customs escort. Custodian of such premises would provide a segregated secure space for ITP containers.
- (ii) Customs Officers would examine the seal of the ITP containers and if found tampered, such container should be immediately resealed with the Customs seal in the presence of the custodian / shipping agent and same should be recorded. Such containers will be examined 100% by the Customs Officers and findings recorded thereof and put up to the Assistant/Deputy Commissioner of Customs in charge for further action.
- (iii) LCL cargo meant for a foreign port outside India would be de-stuffed in the presence of Customs Officer and stored in a secured area as provided by custodian. LCL cargo may contain consignments meant for transshipment to any port outside India (foreign port) as well as consignments for home consumption or transshipment to ICDs. This would necessitate segregation of the two types of cargo at the time of de-stuffing and moving them to respective storage areas under Customs escort. Till such time, sufficient precaution should be taken to avoid duplication / mixing up or manipulation of cargo meant for transshipment / home consumption.
- (iv) Whenever the LCL cargo are required to be exported to foreign destination, The re-stuffing of such LCL cargo meant for the foreign port along with the export cargo and its sealing would be done under the supervision of a Customs officer.
- (v) The details of LCL cargo would be entered in Export General Manifest (EGM).
- (vi) Custodian would maintain the record of ITP LCL cargo, both loaded and unloaded, and submit a monthly summary to Customs. He shall execute a general bond for

an amount equal to the approximate value of goods expected to be imported in 30 days for the purpose of international transshipment. In such bond, custodian should undertake to export transshipment cargo within 30 days or within extended period as Commissioner may allow and follow all the relevant Acts, Rules and Regulations in force.

- (vii) Custodian would be responsible for safe handling of the LCL cargo and ensure that there is no intermixing of ITP LCL cargo with other cargo lying with the custodian.
- (viii) International transshipment of cargo needs to be effected within 30 days of Entry Inward of the importing ship. The provisions of Section 48 relating to the procedure in case of goods not transshipped within 30 days after unloading shall apply to the goods meant for transshipment as these are covered under the scope of "imported goods".
- (xii) The permission for transshipment would not be given to cargo having arms, ammunition, explosives and other cargo considered as constituting a threat to the security/safety and integrity of the country and other goods attracting prohibition under Section 11 of the Customs Act, 1962. However goods 'restricted' as per the FTP may be permitted for transshipment to destination abroad. Further, transshipment shall not be allowed to any port 'destination, in respect of which any order or prohibition is in force for the time being. Commissioners may also prescribe any additional safeguard for securing safe transshipment.

4.3 In order to introduce international transshipment of LCL containers, the Custom Houses need to identify suitable premises within the approved place for the purpose of safe custody of imported goods and other authorized operations. Commissioners should adopt consultative approach with the stakeholders / operators to identify particular premises for such international transshipment taking into account the following factors:

- (a) Location of the premises.
- (b) Availability of adequate infrastructure - modern handling equipment for loading, unloading of containers from rail flats, chassis, their stacking, movement, cargo handling, stuffing/de-stuffing, refrigerated storage facility for perishable cargo etc.
- (c) Availability of sufficient secured area for segregation / consolidation of cargo and for its safe handling.
- (d) The premises need to be connected with Custom House on EDI to handle the transshipment in ICES.
- (e) Experience of custodian in handling import export matters and working knowledge of Customs Act, rules and regulations.
- (f) Logistics arrangements including constraints, if any, in movement of containers between approved place / premises and port.

[Refer Circular No.14/2007-Cus, dated 16-3-2007]

## **5. Transshipment from gateway port to SEZ:**

5.1 The procedure for transshipment of cargo from gateway port to SEZs is laid down under Special Economic Zones Rules, 2006. Broadly, the procedure is the fifth copy of the

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registered or assessed Bill of Entry filed by an importer in SEZ will be submitted to Customs officer at the port of import, and is itself treated as permission for transfer of goods to SEZ. No separate documents or transshipment bond is required to be filed, and the transshipment permission is stamped on the fifth copy of the Bill of Entry. The SEZ importer shall submit fifth copy of Bill of Entry bearing endorsement of the authorized officer that the goods have been received in SEZ to the Customs Officer in charge of the airport or port or inland container depot or land Customs station or post office or public or private bonded warehouse, as the case may be, failing which the officer in charge of such airport or port or inland container depot or land Customs station or post office or public or private bonded warehouse, as the case may be, shall write to the Specified Officer for raising demand of applicable duty from the SEZ importer. Similar procedure for export goods is prescribed under the SEZ Rules, 2006.

### **6. Timely issuance of transshipment permits:**

- 6.1 Filing of transshipment applications and issuance of Transshipment Permits on Saturdays is allowed.
- 6.2 Transshipment permits would not be denied if the goods imported at a Customs station are manifested for being transshipped to any port/airport or any ICD/CFS, except in case of a specific intelligence about mis-declaration of goods in the IGM or presence of contrabands in the container. Even in such cases, before detaining any such container at the gateway port, permission from Joint/Additional Commissioner shall be obtained in writing. The Commissioners are required to look into this aspect personally and ensure that such permits are issued smoothly and in a hassle-free manner.

[Refer Circulars No. 46/2002-Cus, dated 29-7-2002 and  
No.90/2002-Cus, dated 19-12-2002]

### **7. Automated movement of containerized cargo from gateway ports to hinterland - SMTP:**

- 7.1 The transshipment of containerized cargo from one port to an inland port or ICD/CFS is automated where the EDI system (ICES) is operational. This involves exchange of messages for Transshipment of Cargo electronically among Customs, Port authorities, ICDs and Shipping Agents. The implementation of this module is a significant step in the ongoing Business Process Re-engineering initiatives of the department and will reduce the congestion and dwell-time of cargo at the ports and contribute to reduction in transaction costs of imports.
- 7.2 In the automated Transshipment Module, the requirement of an application by the carrier is done away with and the SMTP (Sub manifest Transshipment Permit) portion of the IGM itself is treated as a request for transshipment. Carriers are not required to separately file an application for this purpose. They will however be required to indicate the code of the transporter undertaking the transshipment (e.g. CONCOR) in a specific field in the IGM. The ICES system allows transshipment of those containers against whom the port of destination is indicated as ports other than the port of discharge.
- 7.3 The transshipment permit information is sent to the carrier, the transporter undertaking the transshipment, custodian of the gateway port, and the ICES system at the destination ICD. Transshipment permit can also be printed by the carrier in his office or in the custom house.

- 7.4 The transshipment permit transmitted to the recipient port/ ICD/ CFS is automatically converted into an IGM and the Shipping Lines is not be required to file any fresh IGM in respect of such containers.
- 7.5 The transporter performing the transshipment activity will be required to electronically submit a container arrival report to the ICES system at the destination ICD/ CFS in a specified format. The container arrival report will be matched with transshipment message received from the Gateway Port and a 'landing certificate' message will be generated by the inland port/ICD/CFS which will be transmitted to the Gateway port for closure of IGM Lines.

[Refer Circular No.46/2005-Cus, dated 24-11-2005]

**8. Movement of export cargo from port/ICD/CFS to gateway port:**

- 8.1 The export cargo, after its clearance at a port/ICD/CFS, may be carried in sealed containers to the gateway port for export. Broadly, the procedure in this regard is as follows:
- (a) The exporters are required to bring their goods meant for exports to the Port/ICD/ CFS and file six copies of Shipping Bill with all necessary documents like GR form/ SDF, AR-4 Form, Certificate issued by Export Promotion Councils, etc. In addition to the usual information given in the Shipping Bill, the exporter is required to mention the gateway port of export along-with the serial number(s) of the container(s). The Shipping Bill is assessed as usual, the goods examined, samples drawn, and if required, inspection carried out by other agencies to check compliance with provisions of various Allied Acts before export is permitted.
  - (b) The examination order is given on the duplicate and two transference copies of the Shipping Bill i.e. on all three copies. After examination of the goods, container is sealed by the Customs with 'one time bottle seal' The duplicate copy of Shipping Bill is retained at the ICD/CFS/port and the transference copies forwarded to the gateway port. The E.P. copy of Shipping Bill is required to be suitably endorsed/ stamped by the Customs officer to the effect that the goods are to be transhipped at the gateway port mentioned on the Shipping Bill for their destination outside India.
  - (c) The goods cleared for export at the port/ICD/CFS are allowed to be carried to the gateway port subject to the conditions of execution of bond similar to that provided for transshipment of import goods under relevant Regulations, and if export goods are manifested for the final destination through the gateway port. The FOB value of goods is to be debited from the continuity bond executed by the custodians. The carriers/custodians transporting the goods are to be handed over the transference copies of Shipping Bill in a sealed cover.
  - (d) The containers are allowed to be carried from a port/ICD/CFS to the gateway port by vessel or rail or road or by combination of two or more of these modes of transport.
  - (e) The Drawback, if any, is required to be paid to the exporters as soon as the Shipping Bill is passed and goods are shipped at the originating port/ICD/CFS subject to the condition that the necessary bond has been executed by the Steamer Agent/carrier to bring back and submit the proof of export to the Customs within 90 days.



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- (f) At the gateway port, the containers are normally allowed to be exported under Customs supervision after checking the seals. In case seals are intact and documents are in order, no further examination of goods is undertaken. The Preventive Officer supervising the export of container, endorses the fact of shipment in both the transference copies of the Shipping Bill. Steamer agent has to file EGM in duplicate.
- (g) One copy of transference Shipping Bill along with a copy of EGM is sent back to the originating port/ICD/CFS.
- (h) At the originating port/ICD/CFS, export manifest and transference copy of Shipping Bill, received from the gateway port, are co-related with the duplicate copy of the Shipping Bill and other relevant documents for closure of export manifest and cancellation of bond.

### 9. Movement of export cargo from one port to another by rail:

- 9.1 Movement of export cargo after its clearance at the originating port is allowed by rail to another port for export therefrom. The procedure for such movement and the documentation will be similar to that being followed for movement of export cargo from the ICDs/CFSs to gateway ports. Thus, all the documentation relating to Customs clearance of export goods and examination etc. will take place at the originating port. After clearance, cargo will be stuffed and sealed in containers in the presence of Customs. The drawback and other import incentives are to be paid/credited at the originating port.

[Refer Circular No.75/2001-Cus, dated 5-12-2001]

### 10. Export of container cargo from ICDs/CFSs to Bangladesh and Nepal through LCSs:

10.1 Movement of export cargo from ICDs/CFSs to Nepal and Bangladesh through Land Customs Stations is as per the following procedure:

- (a) The exporters are required to bring their goods meant for export to ICD/CFS, and to file six copies of Shipping Bills (including two transference copies) along with all necessary documents like GR Form, ARE-1 Form, certificates issued by Export Promotion Councils, etc. The Shipping Bill is assessed as usual, the goods are to be examined and samples drawn, if required. Inspection can be carried out by other agencies if applicable under other Allied Act(s). After the assessment of Shipping Bill, the original and duplicate copies of Shipping Bill along with two more copies (transference copies) and original GR Form are to be retained at the ICD. The original GR form is to be forwarded to the concerned branch of Reserve Bank of India.
- (b) The examination order is to be given on duplicate and transference copies of the Shipping Bill. The examination report shall be recorded on all these copies. The duplicate copy shall be retained in the ICD/CFS and both transference copies shall be forwarded to the LCS through the carrier in a sealed cover along-with a copy of invoice, packing list and other required documents. After examination, the goods shall be stuffed in a container and the container shall be sealed with tamper proof bottle seal. The seal no. shall be recorded in the copies of Shipping Bill and ARE-I form. The copies of Shipping Bill and the ARE-I form shall be duly endorsed with the examination report and loading report recording the container number etc. and this shall be jointly signed by the Customs, carrier and the exporter's representative.

- (c) The carrier shall then transport the containers by road or/and rail upto the LCS. At the LCS, both transference copies of Shipping Bill shall be submitted by the carrier to the proper officer of Customs. The Customs Officer shall inspect the seal of the container and if found intact and the seal no. tallies with the Shipping Bill, he shall record the same in the transference copies of the Shipping Bill and the ARE- 1 form, as given below, and put his name, signature and date before allowing the movement of the containers into Nepal/Bangladesh, as the case may be.

“Inspected and seals found intact, Seal Nos. found to tally with the Shipping Bill and ARE- 1 form”.

- (d) In case the Customs seal on the container is found broken or tampered with or some discrepancy found in the seal nos, the matter shall be brought to the notice of the Deputy/Assistant Commissioner of Customs and such container shall be subjected to 100% examination. If any deviation from the Shipping Bill or invoice is detected during examination, adjudication proceedings may be initiated.
- (e) In case the Customs seal on the container is found intact as per documents and the documents are in order, the Proper Officer at the LCS shall endorse the transference copies of Shipping Bill with “Export Allowed”. He may also make an endorsement to the effect that the container has been duly identified by him and has crossed the border into Nepal/Bangladesh on both the copies of Shipping Bill and AR form at the time of actual export. One copy of the Shipping Bill may be retained at the LCS and the other transference copy shall be returned to ICD/ CFS from which the container had originated.
- (f) On receipt of transference copy of the Shipping Bill, the Customs at the originating ICD/CFS shall match it with duplicate copy of Shipping Bill so as to ensure that the goods have been exported. If the copy is not received within 90 days, the Assistant/ Deputy Commissioner of Customs at the originating ICD/CFS may raise a demand on the custodian equal to the export duty and Drawback in respect of the export goods in addition to any other action that may be taken against the exporter. He may also intimate the DGFT and RBI accordingly. The matter shall also be reported to the jurisdictional Commissioner of Central Excise for recovery of excise duty on the goods.
- (g) To ensure safety and security of goods during transit to LCS, the custodian of the ICD has to furnish a bond with security as is being done for movement of cargo from ICDs/CFSS to the gateway port. The bond shall be debited with the value of the goods every time a container is given to carrier for transport. The amount can be re-credited once the proof of export is received.
- (h) The facility for movement of export cargo from ICDs/CFSS to Nepal and Bangladesh mentioned above shall be available if cargo is moved through LCSs at Petrapole and Gede in Indo-Bangladesh border and Raxaul and Nautanwa (Sonauli) at Indo-Nepal border.

[Refer Circulars No.18/2002-Cus, dated 13-3-2002 and

No. 61/2003-Cus, 18-7-2003]

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### 11. Transshipment of cargo by air:

11.1 A detailed procedure has been prescribed for transshipment by air of (i) imported cargo between two airports in India, (ii) international transshipped cargo (Foreign to Foreign), and (iii) export of cargo tendered at one Customs airport for export from another Customs airport. The movement of cargo between the gateway airport and inland airport is allowed in Indian Airlines flights and also in private sector airlines flights.

#### 11.2 Transshipment of cargo from a gateway airport to an inland airport:

- (i) On arrival of flight, the transshipment cargo should be segregated in custodian's premises.
- (ii) For transshipment of cargo, the carrier/ console agent is required to file an application for transshipment of cargo, consigned to another airport as indicated in HAWB. Cargo Transfer Manifest (CTM) prepared by the carrier/consol agent, as the case may be, shall itself be treated as application for transshipment. Separate CTMs may be prepared destination-wise. Such transshipment should be approved by the Proper Officer.
- (iii) The cargo mentioned in the CTM needs to be escorted by the Preventive Officer from the warehouse of the custodian to the warehouse of receiving airlines which acknowledges the same. The concerned airlines/custodian warehouse should have double locking arrangement, one key of which will be with the airlines/ custodian and the other with Customs, for storage of transshipment cargo. No physical examination needs to be conducted, except on specific intelligence, for allowing transshipment and only marks and numbers of cargo need to be verified.
- (iv) The receiving airlines should prepare its cargo manifest and transshipment be allowed under Customs supervision. The value of transshipped cargo should be debited from the Transshipment Bond.
- (v) Customs at destination airport will acknowledge the receipt of the cargo and send back the acknowledgement manifest through the carrier. The carrier should produce such acknowledgement at the originating airport within 10 days of transshipment. On the basis of such acknowledgement the Transshipment Bond would be re-credited.
- (vi) The usual procedure for Customs clearance of cargo shall be adopted at the destination airport.

#### 11.3 International transshipped cargo (Foreign to Foreign):

- (i) On the arrival of flight, the transshipment cargo meant for destination abroad should be segregated in the Custodian's premises.
- (ii) The carrier is required to file application for transshipment of cargo and CTM prepared by the airlines shall be treated as application for transshipment. Such transshipment should be approved by the Proper Officer.
- (iii) Cargo mentioned in CTM need to be escorted by the Preventive Officer from the warehouse of custodian to the export terminal. No physical examination needs to be conducted, except on specific intelligence, and only marks and numbers of cargo need to be verified. Such cargo may be exported with other export cargo.

11.4 Export of cargo tendered at one Customs airport for export from another Customs airport:

- (i) Shipping Bill shall be filed at the originating Customs station and "Let Export Order" should be given by the Customs at the same station. Transshipment Permit (TP) should be prepared by the airlines/ carrier and approved by the proper officer. TP should be sent alongwith the cargo and Transshipment Bond shall be debited for the value of cargo.
- (ii) On arrival at the gateway airport, the cargo should be taken to the warehouse of the domestic airlines/custodian in a clearly identified area. The warehouse should have double locking arrangement, one key of which will be with the airlines/ custodian and the other with Customs. The Customs officers in charge of warehouse should verify the details of the packages with the TP, Airway Bill, etc. The domestic airlines may prepare the CTM airlines-wise which shall be certified by the Export Freight Officer (EFO).
- (iii) Cargo should be shifted to the transshipment warehouse in the export terminal of custodian and acknowledgement obtained. No examination of such cargo should normally be done at gateway airport, except on credible intelligence or information.
- (iv) When the aircraft is ready for loading, the airlines should seek permission from the EFO for loading. The load plan prepared by the airlines should be signed by the Airlines, EFO and the custodian.
- (v) Cargo should be loaded in the aircraft under Customs supervision.
- (vi) Copy of manifest signed by the EFO and Airway Bill alongwith copy of Shipping Bill should be sent by the airlines to the originating station within 30 days of transshipment. Transshipment Bond shall be re-credited at originating airport.
- (vii) In case the transshipment is by bonded truck, the marks and numbers of the packages shall be verified with the details in the transshipment permission and the bonded truck sealed with bottle seal in the presence of the Preventive Officer.
- (viii) If transshipment of cargo is also desired at some intermediate Customs airport, carrier/ airlines should give advance intimation to intermediary airport. Customs at intermediary airport would supervise the movement of cargo and endorse the same on Transshipment Permit. The concerned airlines/custodian warehouse should have double locking arrangement, one key of which will be with the Airlines / custodian and the other with Customs, for storage of transshipment cargo. The loading of such cargo again would be under the supervision of Customs Officer.

11.5 If the cargo transhipped under the provisions of the Customs Act, 1962 is not unloaded at the place of destination in India, or if the quantity unloaded is short of the quantity to be unloaded at that destination, and if the failure to unload or the deficiency is not accounted for, then the person-in-charge of the conveyance shall be liable for penal action as per the provisions of Customs Act, 1962.

[Refer Circular No.6/2007-Cus, dated 27-1-2007]

11.6 In order to ensure an efficient Cargo Transfer Facility and to reduce dwell, Board has decided that in case of international transhipped cargo (Foreign to Foreign), for the pre-sorted containers wherein cargo does not require segregation, ramp to ramp or tail to tail

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transfer of cargo can be effected under preventive supervision on payment of MOT and observance of Cargo Transfer Manifest (CTM) procedure. In these cases, transshipment cargo meant for destination abroad need not be sent to cargo warehouses. In the case of containers other than pre-sorted containers, the existing procedure for transshipment of Cargo (Foreign to Foreign) would continue to apply.

[Refer Circular No.8/2011-Cus, dated 28-1-2011]

- 11.7 Airlines/ other carriers having annual transshipment volume above 2500 MT to/from any airport would be exempt from Bank Guarantee for carriage of goods on transshipment.

[Refer Circular No.24/2006-Cus, dated 25-8-2006]

### 12. Bonded trucking facility:

- 12.1 With a view to supplement the existing facility and provide adequate flexibility to the trade in the choice of modes of transport, movement of imported cargo in containers / trucks has been allowed between airports/ACCs and airports/ACCs/CFSS/ICDs as per the following procedure:

- (i) On the basis of the request made by the trade and in terms of Section 45(1) of the Customs Act, 1962 the Commissioner of Customs will appoint the airlines or their duly approved agents or the custodians of gateway airport/ACCs or the custodians of destination /CDs/CFSS/airports/ACCs as the custodian of all cargoes to be transshipped under bonded cargo trucking facility from airport/ ACCs to ICDs/CFSS/ airports/ACCs in hinterland by road. The permit will be valid for one year from the date of issue initially and shall be renewed every three years subsequently.
- (ii) Transshipment of imported cargo is governed by the provisions of Chapter VIII of the Customs Act, 1962 and the Goods Imported (Conditions of Transshipment) Regulations, 1995.
- (iii) The imported cargo should be manifested for transshipment. In respect of consol cargo where the Master Airway Bill does not show the final destination, the airlines filing transshipment application should keep a copy of both Master Airway Bill and House Airway Bill to indicate that the particular consignment sought for transshipment is for an inland Customs airport/ICD/CFS/ACC.
- (iv) For proper account of cargo the custodian should execute a suitable running bond with a bank guarantee for an amount approved by Commissioner of Customs concerned. The amount will be debited from this bond when the transshipment cargo is taken by the custodian and it will be credited when the proof of handing over of the cargo to Customs at final destination is produced. The custodian will be responsible for any shortage or pilferage of the cargo.
- (v) The custodian will submit a list of trucks together with registration numbers to be used for movement of each transshipment cargo. The trucks so deployed for transport should be specially secured to avoid pilferage of cargo and have provision of affixing of Customs "Bottle Seals".
- (vi) The airlines/custodian should have a transshipment warehouse within the Airport Apron area so that the goods on unloading can be shifted to the transshipment warehouse without having to be moved outside the Airport area. The concerned

airlines/custodian warehouse should have double locking arrangement, one key of which will be with the airlines/custodian and the other with Customs, for storage of transshipment cargo. Preventive Officers will be posted at the airlines/custodian warehouse on cost recovery basis.

- (vii) If the airlines/custodian does not have a transshipment warehouse, the import cargo for transshipment duly passed with transshipment application will be received by them from the Airport Authority of India's (AAI) custody to their make-up area specially earmarked for the purpose of palletisation/containerisation on the same day under Customs supervision and if for any reason the goods cannot be transshipped immediately, the same should be handed over to AAI.
- (viii) The custodian appointed and deciding to transship the cargo will present transshipment application (5 copies) alongwith the copy of Airway Bill (both Master Airway Bill and House Airway Bill, wherever applicable) to the Customs Officer in charge of transshipment clearance. The original transshipment copy must be affixed with Rs.20 stamp as T.P fees. The transshipment application should contain details such as (a) name and address of the importer; (b) name and address of the exporter; (c) country of origin; (d) airport of destination; (e) flight no. and date; (f) IGM no. and date; (g) description of goods; (h) value of the goods; (i) No. of packages; (j) weight gross/net; and (k) details of container/palletised vehicle on which the cargo consignment is to be carried.
- (ix) After scrutiny of T.P. application the T.P. Officer will issue Customs Bottle Seal and hand it over to the Customs Officer supervising the loading of the cargo in container/truck. The T.P. Officer will mention S.No. of Customs Bottle Seal on all copies of transshipment application.
- (x) On getting the transshipment permission the custodian/airlines will shift the goods from AAI warehouse to the make-up area earmarked for the purpose of palletisation/containerisation or shift the goods from their warehouse into the container/truck within the premises of the warehouse under the supervision of the Customs Officer posted for the purpose. After loading of the goods, the Customs Officer will seal the container/truck with Customs Bottle Seal and under his name and signature endorse all T.P. copies as :  

“Supervised the loading of.....No. of packages on container / truck  
 No destined to ..... airport/ACC/CFS/ICD and sealed with  
 Customs Bottle Seal No ..... on ..... (date) covered by  
 Transshipment Permit No..... “
- (xi) Original copy of T.P. application will be forwarded to the Import Freight Officer (IFO) of Customs at the airport/ACC/CFS of destination. Duplicate copy will be retained by T.P. Officer. Triplicate copy of T.P. application will be handed over to the airlines/custodian. The Quadruplicate copy will remain with the Customs Officer posted in the airlines/custodian warehouse and supervising the loading of cargo. The Quintuplicate copy will be sent in sealed cover alongwith the truck/container to IFO of Customs at the airport/ACC/CFS/ICD of destination who will retain it after verification of cargo.

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- (xii) The IFO of Customs at the airport/ACC/CFS/ICD of destination will check the Customs Bottle Seal and description of packages as per T.P. copy and tally the packages with the copies of the manifest received to ensure that the packages are in good condition. The safety and security of the packages is the responsibility of the custodian and in case of any damage at the time of in transit, it should be clearly indicated in all copies of manifest and attested by custodian. The IFO at the airport/ACC/CFS/ICD of destination after receiving the cargo shall under his name and signature give a suitable endorsement on the original T.P. copy, as given below, and retain the T.P. copy sent with the truck for record.

“Checked Customs Bottle Seal and packages as per T.P. application No.

.....dated. ....arrived on Container/Truck No .....on  
.....(date).

- (xiii) The endorsed original T.P. copy will be presented by the airlines/custodian as evidence of handling over of the cargo to the transshipment officer at the ACC/ airport from where the transshipment permission was granted. On receiving such endorsed T. P. copy the transshipment officer will close the entry in the register.
- (xiv) The airlines/custodian shall make necessary arrangements at the airport/ACC/ICD/CFS of destination to remove the cargo and deposit the same with custodians appointed under Section 45 of the Customs Act, 1962, under Customs supervision.
- (xv) The airlines/custodian shall produce the evidence of handling over of the cargo at the inland airport/ACC/CFS/ICD of destination within 30 days from the dispatch of goods / failing which suitable action will be taken.
- (xvi) The airlines/custodian will be required to bear the expenditure on cost recovery basis over the preventive staff to be provided exclusively for this purpose.
- 12.2 The movement of unaccompanied baggage from airports/ACCs to ICDs/CFSS/ Airports/ ACCs shall be allowed by the bonded trucks.
- 12.3 The procedure of bonded trucking facility is available for movement of imported cargo both by containers and trucks.

[Refer Circulars No. 69/1999-Cus, dated 6-10-1999 and  
No.6/2007-Cus, dated 22-1-2007]

### 13. Carriage of domestic cargo on international flights:

- 13.1 Air India, Indian Airlines and private domestic private airlines are permitted to carry domestic cargo between domestic airports on their international flights subject to the fulfillment of the following conditions:
- (i) Separate space shall be assigned by the airlines or custodian in the cargo complex/ area of the airport for receipt and storage of domestic cargo till these are delivered or dispatched.
- (ii) Domestic cargo will be received by the airlines in the designated area during the normal working hours of Customs at the respective airport.

- (iii) The containers/Unit Load Devices (ULDs) used to carry the domestic or international cargo shall be clearly marked or coloured or strapped, for identification, distinction at the time of loading/ unloading, transportation.
- (iv) Domestic tags shall be prepared for identification of the domestic cargo with separate colour coding.
- (v) Loading or unloading of domestic cargo in any international flight/ aircraft shall be carried under the supervision of Customs officers.
- (vi) Domestic and international cargo will be loaded separately, and shall be carried in hold area onboard the aircraft distinctly identifying these cargoes.
- (vii) On arrival of the domestic cargo, at the destination airport, the airlines shall make necessary arrangements to deliver the domestic cargo.
- (viii) In respect of transshipment of international cargo, airlines shall be required to execute necessary bond and bank guarantee unless exempted on account of fulfilling the specified threshold limit of annual transshipment volume. In addition, prescribed transshipment procedure shall be strictly adhered to. Accordingly, no separate bond or bank guarantee shall be required in respect of domestic cargo.
- (ix) In case of any violation of the prescribed conditions or any other regulations providing for the manner in which the imported goods/ export goods shall be received, stored, delivered or otherwise handled in a Customs area, necessary action may be taken against the person including withdrawal of the facility and imposition of penalty under the Handling of Cargo in Customs Areas Regulations, 2009.

[Refer Circulars No. 78/2001-Cus, dated 7-12-2001, No.45/2005-Cus, dated 24-11-2005, No.6/2007-Cus, dated 22.01.2007 and No.4/2010-Cus, dated 15-2-2010]

**14. Movement of domestic courier bags on domestic segments of international flights:**

- 14.1 The movement of domestic courier bags on domestic sector of international flights of all the airlines is permitted subject to following conditions:
- (i) The courier company must be registered with Customs.
  - (ii) The packages/bags of domestic courier should be clearly and identifiably differentiated from the International Courier bags/packets by printing in bold "DOMESTIC COURIER".
  - (iii) The domestic courier bags should be kept in separate pallets and should be stored in the separately marked domestic bins/containers on the aircraft.
  - (iv) At the place of embarkation the domestic courier company will submit "goods declaration", indicating the number of bags, number of packages in bags, content of packages, to the on board courier or person in-charge of the aircraft with a copy to the Escort Officer of Customs.
  - (v) At the place of disembarkation/ arrival, the cargo manifest will be filed by person in-charge of the aircraft or on-board courier, as the case may be, with the proper officer of Customs. In case ,on board courier is not accompanying the courier consignment,



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the responsibility to file the cargo manifest with the proper officer of Customs will vest with the person in charge of the aircraft.

- (vi) The copy of the declaration submitted to escort officer of Customs will be handed over by the Escort Officer to the Customs Officer at the disembarking airport, for carrying out the checks and verifications, if so required.
- (vii) If the courier consignment is accompanied by "on board courier", they will not be allowed to carry any courier bags on board the aircraft as hand baggage.

### 15. Movement of imported goods from a port direct to CFS of another Customs station:

15.1 In the interest of reducing transaction cost and dwell time Board has decided that suitable changes in ICES may be carried out to allow direct movement of imported goods from a gateway port to a CFS of another Customs station directly. This was necessitated since the ICES module at present does not allow generation of Sub Manifest Transshipment Permit (SMTP) to allow such movement of imported goods. Till such time the electronic system is made operational the following procedure has been prescribed for direct movement of imported goods from gateway port to a CFS:

- (i) At the Gateway Port, Customs shall prepare a consolidated list of all SMTP generated CFS-wise for consignments bound for another Customs station/ ICD. This list should be transmitted electronically by the gateway port to the receiving Customs station /ICD.
- (ii) The goods will move from the gateway port direct to the CFS under cover of a bond accepted by the Customs at the gateway port. The carrier will also carry the relevant SMTP in duplicate and hand over the same to the custodian at the CFS.
- (iii) On arrival of the goods at the CFS attached to ICD, the custodian of the CFS shall prepare:
  - (a) A list of goods/container arrival, on daily basis. This list shall *inter alia* cover the detail of SMTP generated at the gateway port, a hard copy whereof is received along with the goods/containers. This list shall be signed by the custodians and shall be endorsed by Customs Officer in the CFS. The custodian of the CFS shall forward the list of goods/container arrival, to ICD on daily basis.
  - (b) A Landing Certificate on the lines of a Container Arrival list shall be signed by custodian.
- (iv) The Custodian of CFS shall forward a copy of Landing Certificate duly endorsed by Customs at receiving end to the Customs at the gateway port for re-crediting the bond executed with Customs.
- (v) On arrival of the goods/container inside the CFS, the custodian along with the surveyor, if any, in presence of the Customs Officer shall verify the correctness of details of consignments and will make an endorsement in the SMTP. The endorsed SMTP shall be forwarded to concerned ICD. With receipt of endorsed SMTP and approval of Customs officer at the ICD, local IGM shall be permitted to be filed at Service Center in case of LCL cargo

- (vi) The Bill of Entry will be filed at the ICD as usual and the goods will be examined and cleared at the CFS.

15.2 This facility shall be extended to CFSs that are at a considerable distance from the ICD, or enroute to an ICD (from the gateway port). Movement of consignments from the gateway ports to CFS adjacent to ICD shall continue to be permitted, as earlier. The furnishing of suitable bond by the custodian of the ICD/CFS with the Customs at the gateway port shall also continue as at present.

[Refer Circulars No.47/96-Cus, dated 16-9-1996, No.57/98-Cus, dated 4-8-1998, No. 31/99-Cus, dated 27-5-1999, No.69/99-Cus, dated 6-10-1999, No.34/2000-Cus, dated 3-5-2000, No.56/2000-Cus, dated 5-7-2000, No.61/2000-Cus, dated 13-7-2000, No.75/2001-Cus, dated 5-12-2001, No.78/2001-Cus, dated 7-12-2001, No.15/2002-Cus, dated 25-2-2002, No.18/2002-Cus, dated 13-3-2002, No.46/2002-Cus, dated 29-7-2002, No.90/2002-Cus, dated 19-12-2002, No. 61/2003-Cus, dated 18-7-2003, No.87/2003-Cus, dated 6-10-2003, No.52/2004-Cus, dated 7-10-2004, No.45/2005-Cus, dated 24-11-2005, No.46/2005-Cus, dated 24-11-2005, No.47/2005-Cus, dated 24-11-2005, No.24/2006-Cus, dated 25-8-2006, No.6/2007-Cus, dated 22-1-2007, No.14/2007-Cus, dated 16-3-2007, No.31/2005-Cus, dated 25-7-2007, No.18/2009-Cus., dated 8-6-2009, No.4/2010-Cus, dated 15-2-2010 and No.22/2013-Cus., dated 24-5-2013]