

## Chapter 11 Consolidation of Cargo

### 1. Introduction:

- 1.1 With the development of a number of ICDs/CFSs in the hinterland, importers and exporters have the option to either get their import/export consignments cleared at the gateway ports or any nearby ICD/CFS. The export goods cleared by Customs at an ICD/CFS are sent in sealed containers to gateway port where these containers are normally allowed to be exported without further examination of the goods. Similarly, imported cargo meant for any ICD/CFS is allowed to be transshipped in sealed containers from the gateway ports to such ICDs/CFSs and all Customs formalities in relation to clearance of cargo are completed by the importers at ICD/CFS.
- 1.2 Export containers sealed at the ICD/CFS were earlier not allowed to be re-opened for consolidation at the gateway port, which led to shifting this activity to international hub ports e.g. Dubai, Singapore and Colombo. Similarly, import containers with LCL cargoes used to be brought to hub ports, where shipping lines used to consolidate the cargo and stuff in containers destination wise. There was thus a demand from exporters, importers, shipping lines, agents and consolidators to allow the re-working of containers at the gateway ports to avoid the extra expenditure incurred for undertaking the same job at the foreign hub ports.
- 1.3 The facility of re-working containers is now allowed at the gateway ports. Shipping lines can take containers stuffed with LCL export cargo, irrespective of destination, from ICD/CFS to a gateway port, where these can be opened and re-worked with cargo received from different ICDs/CFSs and stuffed in containers, destination-wise. Similarly, LCL import cargo brought at any gateway port can be re-worked and consolidated in containers ICD-wise. With this facility, the exporters get benefited by saving in freight charges, reduction in transit time, better handling and safer delivery of cargo as the activity takes place under the supervision of Indian agencies. The facility also reduces freight charges for imported LCL cargo as it helps in optimum utilization of container capacity. It also helps in attracting business for Indian ports and developing them as transshipment hubs.

### 2. Procedure for consolidation of import cargo:

- 2.1 Broadly, the procedure for consolidation of import cargo at the gateway ports is as follows:
- (i) On arrival of the LCL cargo meant for ICDs/CFSs, at the gateway port the concerned shipping line files the IGM with the Customs;
  - (ii) The de-stuffing and consolidation of the LCL cargo ICD/CFS-wise is to be done at the earmarked space under Customs supervision and surveyors of the custodians;
  - (iii) After consolidation of LCL cargo (ICD/CFS-wise), the custodian at the gateway port shall prepare a tally list showing details of the import consignments, the previous container number, IGM No. and the details of the new container. The shipping line has to then file sub-IGMs for all LCL (Import) cargo IGM-wise;
  - (iv) After acceptance of sub-IGM by Customs, the LCL cargo ICD/CFS-wise is allowed to be re-stuffed in empty containers. The containers so re-stuffed are sealed by the

custodian as per the procedure. The details of the new bottle seal should be indicated in the sub-IGM;

- (v) For transshipment of re-stuffed LCL cargo in new containers to different ICDs/ CFSs, the concerned shipping line is to follow the procedure laid down in the Goods Imported (Conditions of Transshipment) Regulations, 1995; and
- (vi) After completion of Customs formalities and clearance of LCL cargo at the respective ICDs/CFSs, a copy of the sub-IGM is to be sent back to Customs authorities at the gateway port for confirmation/closure of IGM.

**3. Procedure for consolidation of export cargo:**

3.1 Broadly, the procedure for consolidation of export cargo at the gateway ports is as follows:

- (i) LCL cargo brought to an ICD/CFS is subject to routine documentation, assessment and examination by Customs. After examination and clearance of LCL cargo at the ICD/CFS, the packages opened for Customs examination are sealed by Customs. The shipping line is required to use identification mark on each package, clearly indicating serial number of package, description of goods, total number of packages covered under that particular shipping bill, exporters identity and their own codified identity;
- (ii) After completion of Customs formalities, the packages are handed over to the custodians along with two transference copies of Shipping Bill, certified copies of invoice, packing list, Bill of Lading and other documents;
- (iii) The custodian consolidates the cargo irrespective of shipping line and destination and stuffs these in containers. After sealing of such containers in presence of Customs, containers are carried to the gateway port or a CFS near gateway port by the custodian;
- (iv) At the gateway port, the documents are handed over to Customs and the containers are opened in presence of Customs. The cargo is handed over to shipping lines/ their agents/MTOs/consolidators, etc., who re-work the cargoes received from different ICDs as well as cargo cleared for export at the gateway port or CFSs near the gateway port and re-stuff the cargo in containers destination-wise in presence of Customs;
- (v) The custodians of the gateway port or CFS near gateway port have to maintain a tally sheet container-wise indicating details of the export consignments, the previous container number, Shipping Bill number, AR-4 number and the details of new containers in which goods are re-stuffed;
- (vi) The container number in which such cargoes are stuffed is to be indicated by the Customs Officer on both the transference copies of Shipping Bill and AR-4. One copy of Shipping Bill is retained by the Customs at the gateway port and other copy of Shipping Bill is returned to the originating ICD/CFS;
- (vii) The LCL cargo cleared by Customs at the ICD/CFS is normally not to be examined again by Customs at the gateway port or at the CFS where LCL cargo is being consolidated; and

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(viii) The Drawback is to be paid at the inland ICDs/CFSs immediately after the clearance of LCL cargo by Customs without waiting for actual shipment of cargo from the gateway port.

- 3.2 Jurisdictional Commissioners shall, by issue of suitable standing order allow the movement of containers/ trucks loaded with LCL cargo from one CFS to another CFS under their jurisdiction so as to have optimum utilization of space in a containers/ truck. They should, however, ensure this facility is not misused and revenue is safeguarded.

[Refer Circulars No.55/2000-Cus, dated 30-6-2000 and No.22/2001-Cus, dated 17-4-2001 and Instruction F.No.450/66/2005-Cus.IV, dated 24-11-2005]

### 4. International transshipment of LCL containers at Indian ports:

- 4.1 As per Section 54(2) of the Customs Act, 1962 transshipment of imported goods to any place outside India, referred as 'International transshipment', is allowed except in respect of goods prohibited under Section 11 of the said Act. Accordingly, international transshipment of imported goods in Full Container Load (FCL) is permitted. Further, as a measure of trade facilitation and to enable Indian ports to act as Transshipment Hubs, transshipment facility for imported goods in Less than Full Container Load (LCL) is permitted at approved places under the jurisdiction of identified Custom Houses. Currently, this facility is provided at Chennai, Cochin, Nhava Sheva, and Tuticorin.

- 4.2 The following procedure is prescribed on arrival of the international transshipment (ITP) containers:

- (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 other person duly authorized in this behalf by the foreign supplier;
- (ii) No goods for international transshipment should be unloaded from the vessel until the permission for the same has been 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;
- (iii) The ITP container details such as container number, broad description of goods etc. shall be mentioned in the IGM. In the electronic manifest, 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 proper port of destination, 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: It refers to international cargo and the port of destination shall be the port code where transshipment cargo is destined to or delivered.
  - (c) 'TI' - Transshipment to ICD: This is the local cargo meant for transshipment to hinterland port i.e. ICD. The port of destination is the port code of the ICD.

- (d) There is a field 'Container Status' to specify whether the cargo is FCL or LCL or 'Empty'. The line and the sub-line numbers provide the inter-linkage between the cargo details and the container details.
- (iv) The unloading of such ITP containers at gateway port would be in presence of Customs Officers. 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.
- (v) Customs Officers would examine the seal of the ITP Containers and in case of its tampering, 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 in charge for further action.
- (vi) 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 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.
- (vii) 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 would be done under the supervision of a Customs officer. Further, container would be sealed in presence of a Customs Officer and the details of LCL cargo would be entered in EGM.
- (viii) 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 purpose of international transshipment and 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.
- (ix) 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.
- (x) International transshipment of cargo needs to be effected within 30 days of "Entry Inward" of the importing ship. 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 which are '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

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safe transshipment. 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 also 'imported' goods.

- (xi) For international transshipment of LCL containers, the Commissioners should adopt consultative approach with the stakeholders/operators to identify suitable premises. Following factors may be considered by the Commissioner in this regard:
  - (a) Location of the premises.
  - (b) Availability of adequate infrastructure - modern handling equipment for loading / unloading of containers from rail flats, chassis, stacking, movement, cargo handling, stuffing/de-stuffing, refrigerated storage facility for perishables etc.
  - (c) Availability of sufficient secured area for segregation/ consolidation of cargo and 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.
- (xii) In line with Boards instructions, Commissioners may also indicate detailed operational procedure, taking into account the requirements, physical movement in carrying goods to the approved place / premises etc. at individual Customs stations.

[Refer Circulars No.55/2000-Cus, dated 30-6-2000, No.61/2000-Cus dated 13-7-2010, No.67/2000-Cus, dated 17-8-2000, No.22/2001-Cus, dated 17-4-2001 and No.14/2007-Cus, dated 16-3-2007 and Instruction F.No.450/66/2005-Cus.IV, dated 24-11-2005]

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