

सीमाशुल्क (निवारक) के आयुक्त का कार्यालय  
**OFFICE OF THE COMMISSIONER OF CUSTOMS (PREVENTIVE)**

55-17-3, सी-14, 2 तल, औद्योगिक एस्टेट, ऑटोनगर  
55-17-3, C-14, 2nd Floor, Road No.2, Industrial Estate, Autonagar  
विजयवाड़ा - 520 007 Vijayawada - 520 007

फोन / Phone : 0866-2551261

फैक्स / Fax : 0866-2551156

C. No: VIII/09/03/2017-Cus Tech

Date: 02/01/2018

**PUBLIC NOTICE No. 45 / 2017**

Sub: Customs – Revised guidelines for setting up of ICD/CFS/AFS – regarding.

\*\*\*

Attention of all the Importers, Exporters, Customs Brokers, Steamer Agents, Custodians/Customs Cargo Service Providers, Trade Associations/Chamber of Commerce, Members of the RAC/PGC and the Public is invited to the guidelines on setting up of ICDs/CFSs/AFSs issued by the Board from time to time.

2. CBEC receives various proposal from developers for setting up of ICDs/CFSs/AFSs. These proposals are evaluated in the CBEC and comments based on the inputs received from field formations are forwarded to Inter Ministerial Committee (IMC) set up in the Ministry of Commerce.

3. It has been noticed that many of the above proposals received in the CBEC are not viable. The present system of receipt of application from the developer, obtaining comments from stakeholder departments and screening by IMC is in place for a longtime now besides being time consuming. Further, a systematic weakness of the

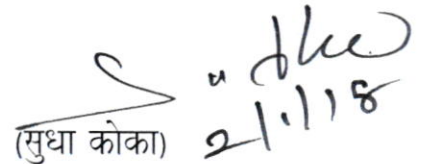
present mechanism is that the developer approaches the IMC only after certain investments in land and other assets have been made already. Once having invested in the project, the developer leverages the same argument in his favour to push his project.

4. The present system called for a correction so that the scrutiny by various stakeholder departments doesn't become inconsequential in the face of the argument of already made investment. In view of this, it has been decided that before approaching the IMC, the developer would approach the CBEC for preliminary assessment of project. This assessment would have to be done by the Customs formation in whose administrative control the facility would be coming up. This scrutiny would have to be done within a month of submission of the application and would inter-alia cover issues of availability of land, title of land, issue of land use and antecedents of promoters and viability of the project. Commissionerate would forward their views to CBEC who would then forward them to IMC.

5. In addition to this, IMC has also launched an online module whereby the application from the prospective developers would be received online and forwarded to stakeholder department online. These virtual applications would be then forwarded from CBEC to respective Chief Commissioners / Commissioners for their examination. In terms of the new guidelines, preliminary comments about the viability of the project by jurisdictional Commissioner has been made mandatory before submitting the application online.

6. A copy of the revised guideline is attached.

7. Action to be taken in terms of decisions taken in this public Notice should be considered as standing order for the purpose of officers and staff.

  
(सुधा कोका)  
SUDHA KOKA  
आयुक्त  
COMMISSIONER

To

Importers, Exporters, customs Brokers and all concerned of Customs Commissionerate (Preventive), Vijayawada (Through Joint Commissioners of Customs, Custom Houses, Kakinada / Krishnapatnam & Deputy / Assistant Commissioner of Customs, ICD, Marripalem, Guntur)

Copy submitted to the Chief Commissioner of Central Taxes & Customs, Visakhapatnam Zone, Visakhapatnam for information.

Copy to :

The Principal Commissioner / Commissioner of Central Tax, Visakhapatnam / Guntur / Tirupati

The Joint Commissioner of Customs, Kakinada Custom House, Kakinada, East Godavari District

The Joint Commissioner of Customs, Krishnapatnam Custom House. SPSR Nellore District

The Deputy / Assistant Commissioner of Customs, ICD Marripalem, Edalapadu Mandal, Guntur District.

The Assistant / Deputy Commissioner of Customs, Customs Preventive Division, Tirupati / Kakinada / Visakhapatnam.

Copy to the Superintendent (Computers) of Customs, CC(P), Hqrs. Office, Vijayawada with a direction to upload a copy of this Public Notice on the website of CC(P), Vijayawada

Notice Board

Part A

- Definition of ICD/CFS/AFS
- Distinction between an ICD / CFS
- Functions of ICDS/CFS/AFS
- Centers of activity of the operations of the ICDS/CFS
- Benefits of ICD/CFS/AFS

*Note : Detailed guidelines in respect of setting up of Air Freight Station, have been issued by Ministry of Civil Aviation, vide Letter No.AV-13011/3/2013-ER, dated 28-10-2014.*

Part B

- Prior survey a must
- Analysis of the traffic flows between inland centers of production and ports need
- Viability of project from 'TEU' Traffic availability Point of View
- Land Requirements
- Design and lay-out of ICD/CFS
- Equipping The ICD/CFS
- Rail Head ICDS
- Tariff
- General

Part C

- Procedure for approval of ICD/CFS/AFS and its implementation
- Format of application for permission to set up inland container depot (ICD) / container freight station (CFS) / Air Freight Station (AFS). *Format of application may be seen on URL : [www.imcdryports.commerce.gov.in/register.php](http://www.imcdryports.commerce.gov.in/register.php)*

## PART A

### 1. DEFINITION OF ICD/CFS/AFS

An Inland Container Depot / Container Freight Station may be defined as :-

A common user facility with public authority status equipped with fixed installations and offering services for handling and temporary storage of import/export laden and empty containers carried under customs control and with Customs and other agencies competent to clear goods for home use, warehousing, temporary admissions, re-export, temporary storage for onward transit and outright export. Transhipment of cargo can also take place from such stations.

*An Air Freight Station (AFS) is an off-airport Common user facility equipped with fixed installations of minimum requirement and offering services for handling and temporary storage of import and export cargo etc. An AFS is a counterpart of ICD / CFS for maritime cargo.*

### 2. DISTINCTION BETWEEN AN ICD & CFS

Functionally there is no distinction between an ICD/CFS as both are transit facilities, which offer services for containerization of break bulk cargo and vice-versa. These could be served by rail and/ or road transport. An ICD is generally located in the interiors (outside the port towns) of the country away from the servicing ports. CFS, on the other hand, is an off dock facility located near the servicing ports which helps in decongesting the port by shifting cargo and Customs related activities outside the port area. CFSs are largely expected to deal with break-bulk cargo originating/terminating in the immediate hinterland of a port any may also deal with rail borne traffic to and from inland locations.

Keeping in view the requirements of Customs Act, and need to introduce clarity in nomenclature, all containers terminal facilities in the hinterland would be designated as "ICDs".

### 3. FUNCTIONS OF ICDs/CFSs/AFS

The primary functions of ICD/CFS/AFS may be summed up as under:

1. Receipt and dispatch/delivery of cargo.
2. Stuffing and stripping of containers.
3. Transit operations by rail/road to and from serving ports.
4. Customs clearance.
5. Consolidation and desegregation of LCL cargo.
6. Temporary storage of cargo and containers.
7. Reworking of containers.
8. Maintenance and repair of container units.

4. The operations of the ICDs/CFSs revolve around the following centres of activity:-

1. Rail Siding (in case of a rail based terminal)  
The place where container trains are received, dispatched and handled in a terminal. Similarly, the containers are loaded on and unloaded from rail wagons at the siding through overhead cranes and / or other lifting equipment.
2. Container Yard Container yard occupies the largest area in the ICD/CFS. It is stacking area where the export containers are aggregated prior to dispatch to port, import containers are stored till Customs clearance and where empties await onward movement. Likewise, some stacking areas are earmarked for keeping special containers such as refrigerated, hazardous, overweight/over-length, etc.
3. Warehouse: A covered space/shed where export cargo is received and import cargo stored/delivered; containers are stuffed/stripped or reworked; LCL exports are consolidated and import LCLs are unpacked; and cargo is physically examined by Customs. Export and import consignments are generally handled either at separate areas in a warehouse or in different nominated warehouses/sheds.
4. Gate Complex the gate complex regulates the entry and exist of road vehicles carrying cargo and containers through the terminal. It is place where documentation, security and container inspection procedures are undertaken.

#### 5. BENEFITS OF ICDs/CFSs/AFSSs

The benefits as envisaged from an ICD/CFS/AFS are as follows: -

1. Concentration points for long distance cargoes and its unitisation.
2. Service as a transit facility.
3. Customs clearance facility available near the centres of production and consumption
4. Reduced level of demurrage and pilferage.
5. No Customs required at gateway ports.
6. Issuance of through bill of lading by shipping lines, hereby resuming full liability of shipments.
7. Reduced overall level of empty container movement.
8. Competitive transport cost.
9. Reduced inventory cost.
10. Increased trade flows.

### PART B

#### 1. PRIOR SURVEY A MUST

For the ICD/CFS/AFS to be successful, reduction in total transport cost is a prime criterion, as there is a possibility of marginal increase in total handling cost per box on origin to destination basis. This underlines the need for sound economic

2  
10

justification for setting up ICD/CFS/AFS through a carefully evaluated traffic likely to be handled at the proposed facility. A survey/feasibility study must precede the setting up of all ICDs/CFSs and copy of the report should invariably accompany the application for setting up such a facility. Data for carrying out analysis could be from secondary sources and field observations, structured over time and space. The latter is more realistic and truthful. Prior discussions must be held with exporters, shipping lines, freight forwarders, port authorities, concerned Commissioners of Customs/Excise etc., and their point of view fully reflected in the report.

**In-principle approval by Jurisdictional Customs Commissioner:**

*Before submitting the application online, the applicant should obtain an "in-principle" approval from the Jurisdictional Customs Commissioner regarding the feasibility of the proposed facility and furnish it alongwith the application.*

2. The traffic flows between Inland centres of production and ports need to be analysed with reference to :-

- Commodities
- Directional-split (Imports/Exports)
- Proportions of less-than-container load (LCL) & full-container-load (FCL)
- Forecast of future growth.
- Modes of transport available.
- Possible reduction in tonne per kilometre or
- Box per kilometre costs.

3. The facility has to be economically viable for the management and attractive to users, to the railways for full train load movements; to other transport operators; seaports; shipping lines; freight forwarders etc. must have certain minimum amount of traffic. The prospective entrepreneurs are, therefore, strongly advised to study very carefully the viability of the project from the TEU traffic availability point of view.

In the background of growing international trade, the infrastructure facility may have to precede the actual generation of demand. This is particularly important as such facilities have a long gestation period for being fully operationalised. Though it is not proposed to lay down any minimum TEU figures as part of the criteria for approval of ICDs/CFSs, following are suggested indicative norms :-

- For ICD – 6,000 TEUs per year (Two way)
- For CFS – 1,000 TEUs per year (Two way)

#### 4. LAND REQUIREMENTS

The minimum area requirement for a CFS would be One Hectare, ICD Four Hectare and 1000 Sq meters of covered area each for imports and exports respectively.

However, a proposal could also be considered having less area on consideration of technological upgradation and other peculiar features justifying such a deviation.

## 5. DESIGN AND LAY-OUT OF ICD/CFS

The design and layout should be the most modern state-of-art equipped with mechanical/electrical facilities of international standards. Key to a good lay-out is the smooth flow of containers, cargo and vehicles through the ICD/CFS. The design and layout should take into account initial volume of business, estimated volume in 10 years' horizon and the type of facilities exporters would require. The initial lay out should be capable of adaptation to changing circumstances. The design broadly should encompass features like (rail) siding, container yard, gate house and security features, boundary wall (fencing), roads, pavements, office building and public amenities. The track length and number of tracks should be adequate to handle rakes and for stabling trains where relevant.

The perimeter fencing and lighting must meet the standards required by Customs authorities. The gate being the focal point of site security should be properly planned.

The administration building is the focal point of production and processing of all documentation relating to handling of cargo and containers and its size will be determined by the needs of potential occupants. Fixed provisions should be made for sanitation facilities and possibly a food service facility.

A good communication system and computerisation and EDI connectivity is essential. Following Infrastructure should be available at the ICDs/CFSS

- Provision of standard pavement for heavy duty equipment for use in the operational and stacking area of the terminal. In cases where only chassis operation is to be performed, the pavement standard could be limited to that of a highway.
- Office building for ICD, Customs office and a separate block for user agencies equipped with basic facilities.
- Warehousing facility, separately for exports and imports and long term storage of bonded cargo.
- Gate Complex with separate entry and exit.
- Adequate parking space for vehicles awaiting entry to the terminal.
- Boundary wall according to standards specified by Customs.
- Internal roads for service and circulating areas.
- Electronic weighbridge.
- Computerised processing of documents with capability of being linked to EDI.

## 6. EQUIPPING THE ICD/CFS/AFS

The ICD/CFS would select most modern handling equipment for loading, unloading of containers from rail flats, chassis, their stacking, movement, cargo handling, stuffing / destuffing, etc. Following minimum equipment should be made available at ICDs/CFSs (Reach stacker may not be mandatory):

1. Dedicated equipment such as lift truck (front end loader, side loader or reach-stacker), straddle carrier, rail mounted yard gantry crane, rubber tyred yard gantry crane, etc. of reputed make and in good working condition (not more than 5 to 8 years old) and equipped with a telescopic spreader for handling the 20 ft and 40 ft boxes. The equipment must have a minimum residual life of 8 years duly certified by the manufacturer or a recognized inspection agency. An additional unit of equipment should be provided when the throughput exceeds 8000 TEUs per annum or its multiples for lift truck based operations.
2. Terminals resorting to purely chassis-based operations do not require dedicated box handling equipment. However, chassis-based operations should be restricted to CFSs proposed to be set up near ports.
3. Small capacity (2 to 5 tonnes) forklifts must be provided for cargo handling operations in all terminals.

*Equipment in respect of AFS shall be as indicated in the detailed guidelines for AFS as issued by Ministry of Civil Aviation.*

## 7. RAIL HEAD ICDs

The parties will be required to provide at their own cost all infrastructure facilities including land, track, handling equipment for containers, maintenance of assets including track, rolling stock, etc. as per extant railway rules applicable to private sidings. The cost of the railway staff would be borne by the party as per the prevailing Government policy.

## 8. TARIFF

Tariff structure and costing should be worked out along with the feasibility study and information provided with the application.

## 9. GENERAL

The main function of an ICD/CFS/AFS being receipt, despatch and clearance of containerised / palletized cargo, the need for an up-to-date inventory control and tracking system to locate containers / cargo is paramount. Each functional unit of the facility (e.g. siding, container yard gate, stuffing/destuffing area, etc.) should have up-to-date and where possible on-line, real time information about all the containers, etc., to meet the requirements of customers, administration, railways etc. As far as possible, these operations shall be through electronic mode.

9. The applicant, after receipt of approval, shall send quarterly progress report to Ministry of Commerce. Three formats (given as annexure I to III) for sending the quarterly / annual report shall have to be submitted to Department of Commerce through electronic mode as well as through hard copy.
10. After the applicant has put up the required infrastructure, met the security standards of the jurisdictional Commissioner of Customs and provided a bond backed by bank guarantee to the Customs, final clearance and Customs notification will be issued.
11. The approval will be subject to cancellation in the event of any abuse or violation of the conditions of approval.
12. The working of the ICD/CFS will be open to review by the Inter Ministerial Committee.

\*\*\*\*\*

6

PART C

PROCEDURE FOR APPROVAL OF ICD/CFS/AFSS AND ITS IMPLEMENTATION

1. Proposals for setting up ICD/CFS/AFSSs will be considered and cleared, on merits, by an Inter-Ministerial Committee for ICDs/CFSs/AFSSs, which consists of officials of the Ministries of Commerce, Finance (Department of Revenue), Railways, Shipping **and Civil Aviation**. Views of the State Governments as necessary would be obtained.
2. ~~Application 10 copies in enclosed form should be submitted to the Infrastructure Division in the Ministry of Commerce, Udyog Bhavan, New Delhi. Application must be accompanied by 10 copies of feasibility reports mentioned in the guidelines.~~
3. The applicant should submit a copy of the application to the jurisdictional Commissioner of Customs **for examining the feasibility of the proposal**. The Commissioner of Customs will **examine the proposal and** send his **in-principle approval based on the feasibility of then proposal to the applicant** comments to the Ministry of Commerce and the Central Board of Excise & Customs (CBEC) within 30 days. In case, the project is planned in a port town, a copy of the proposal should also be sent to the concerned Port Authority who would furnish their comments within 30 days to the Ministry of Surface Transport **Shipping** and the Ministry of Commerce.
4. **The application should be submitted online at URL: [www.imcdiyports.commerce.gov.in](http://www.imcdiyports.commerce.gov.in)**
5. The applicants are also requested to familiarise with the statutory Custom requirements in relation to Bonding, Transit Bond, Security Insurance and other necessary procedural requirements and cost recovery charges payable before filing the application.
6. On receipt of the proposal, the Ministry of Commerce would take action to obtain the comments from the jurisdictional Commissioner of Customs and other concerned agencies within 30 days. Wherever necessary, a copy of the proposal should also be sent to Zonal Railway Manager, under intimation to the Ministry of Railways. One copy of the proposal would also be made available to the IMC Members for advance action. The decision of the IMC would be taken within six weeks of the receipt of the proposal under normal circumstances.
7. On acceptance of a proposal, a Letter of Intent will be issued to the applicant, which will enable it to initiate steps to create infrastructure. **Any investment in the development of infrastructure before the issue of LoI would be at the risk of the developer concerned.**
8. The applicant would be required to set up the infrastructure within one year from the date of approval. The Ministry of Commerce may grant an extension of six months keeping in view the justification given by the party. Thereafter, a report would be submitted to IMC to consider extension for a further (final) period of six months. The IMC may consider **further** extension(s) or may submitted to IMC to withdraw the approval granted.