

F.No.394/86/2020-Cus(AS)
Government of India
Ministry of Finance
Department of Revenue
(Central Board of Indirect Taxes and Customs)

Room 512, Hudco Vishala Building New Delhi,
dated the 08th October, 2020

To,

All Principal Chief Commissioner/ Chief Commissioner of Customs,
All Principal Chief Commissioner/ Chief Commissioner of Customs (P),
All Principal Chief Commissioner/Chief Commissioner of Customs and CGST,
Webmaster, CBIC.

Madam/Sir,

Subject: Procedure for inspection of ICDs/CFSs/AFSs –reg.

Kind reference is drawn to Audit Report 16 of 2018 on Working of Inland Container Depots (ICDs) and Container Freight Stations (CFSs) wherein several deficiencies have been pointed out by the Audit. Major deficiencies pointed out by the Audit are related to land area requirement, infrastructure, specified demarcated areas for imported and export goods and fumigation, adequate space for storing hazardous goods, monitoring of the movement of export and import cargo, handling of un-cleared cargo, execution of Bond, Bank Guarantee and Insurance and theft and pilferage of cargo.

2. Further the Audit, among other things, observed that there is lack of internal control including internal audit and inspection. Audit has also observed that corrective action on systemic deficiencies should not be restricted to the instances commented in audit report and all the field formations may be sensitized about the system deficiencies.

3. The Board vide Notification No. 26/2009-Customs (N.T.) dated 17.3.2009 notified Handling of Cargo in Customs Area Regulations 2009 to regulate the functioning of Customs Cargo Service Providers including custodians of ICDs/CFSs. Further, Circular 13/2009 dated 23.03.2009, Circular No. 04/2011 dated 10.01.2011, Circular No. 40/2016 dated 26.08.2016 and Circular No. 49/2018 dated 03.12.2018 were also issued to streamline various procedures relating to ICDs/CFSs. Further, D.O letter No. 434/15/2017-Cus.IV dated 16.08.2019 was issued by Member (Customs) wherein, he has inter alia, stated that it is necessary that each ICD/CFS is closely monitored by way of some sort of audit /visits to ensure that the performance of ICDs/CFSs is of desired standards and requested to put a system in place and take necessary action in a time bound manner. Chief Commissioners were requested to take stock of the issues for all ICDs/CFSs under their jurisdiction, draw a plan for time bound actions and submit an

action taken report by 30th November, 2019. However, the compliance reports in response to the above letter are not complete in many zones. Apparently, many other field formations are not checking the performance of ICDs and CFSs in their jurisdiction in a systemic way on regular basis.

4. Therefore, Board has decided to put in place a proper system for regular inspection for ICDs/CFSs. Such a system would ensure better functioning of ICDs/CFSs in future and would be of great benefit to the importers and exporters using these facilities. Periodical inspections and remedial actions would also avoid these kinds of audit objections. It will bring accountability, standardization and better facility for cross-border trading and in turn improve ease of doing business.


5. Accordingly, the Board directs that

- (i) The jurisdictional Commissioner at the beginning of every financial year shall chalk out an action plan to conduct inspection of ICDs/CFSs in their jurisdiction, by an officer of the rank of Deputy/ Assistant Commissioner or above (who is not in-charge of such ICD/CFS) once every financial year probably in the first quarter of the financial year.
- (ii) A report on the inspection conducted shall be submitted to the jurisdictional Commissioner of Customs with copy to Chief Commissioner concerned in the proforma given as per **Annexure**.
- (iii) The first inspection, wherever required, shall be completed by 31.12.2020.
- (iv) The jurisdictional Commissioner of Customs upon receipt of the inspection report shall take remedial action wherever deficiencies are noticed including penal action on the defaulting ICDs/CFSs.
- (v) Normally the operations and records in respect of the previous financial year shall be covered in the inspection.
- (vi) For the ICDs/CFSs, which have not been inspected/audited so far, the initial inspection shall be for the period of last five years or from the date of commencement whichever is earlier.
- (vii) The Directorate General of Performance Management during the inspections of field commissionerates, done by them shall also examine the records relating to the inspections of ICDs/CFSs

6. All the field formation and stakeholders may be suitably sensitized about the circular.

7. Difficulty, if any, faced in the implementation may please be brought to the notice of the Board.

Encl: As above


08/10/20
Amit Singh Chandel
OSD (Anti Smuggling)

PROFORMA FOR INSPECTION OF ICD/CFS/AFS

Note: Detailed remark on the lapses during the inspection period along with recommendation to be entered by the inspection team, if answer is No unless otherwise specified

A. Preliminary

- 1. Date of Inspection :
- 2. Inspection Team :

Team	Name	Designation
Leader		
Member(s)		

- 3. Nature of the facility : ICD/CFS/AFS
- 4. Name of the facility :
- 5. Ownership nature : PSU/Pvt.Ltd/Public Ltd./Proprietorship
- 6. Name and Address of Authorised Persons/Officials for the formation :
- 7. Details of
 - a. Notification (s) :
 - b. Public Notice (s) :
- 8. Date of Commencement :
- 9. Date of last renewal if applicable :
- 10. Volume handled in the past three years (TEUs/ACUs)

Year	Import Vol. (TEU)	Export Vol. (TEU)	Total Vol. (TEU)	% Capacity Utilisation
202..				
202..				
202..				

- 11. Date of previous Inspection (if any) :
- 12. Period covered in the present Inspection¹ :

¹ If it is the initial inspection the period of last five year or from the date of commencement, which ever is less shall be taken up for inspection.

13. Details of compliance of Previous inspection report:

i.	Number of objections for which the Action taken is satisfactory	
ii.	Number of objections for which the action taken is partly satisfactory	
iii.	Number of objections for which the action taken is not satisfactory	
iv.	Details of such objection where the action taken is partly satisfactory and not satisfactory	

14. Details of Penal action against Custodian, if any:

B. Staff Position²

1. Details of Cost Recovery Post/Regular posts sanctioned against this facility :

S. No.	Designation	Sanctioned	Working
i.	AC/DC		
ii.	Superintendent		
ii.	Inspectors		
iii.	Sepoy/Hawaldar		

2. Whether Staff posted in the formation is as per staffing norms and adequate?

3. Whether the cost recovery charges are paid upto date?

(In case exempted from payment of cost recovery charges, the date and authority of such exemptions shall be provided).

² HCCAR 2009, Circular 04/2011 dated 10.01.2011

C. Bonds and Bank Guarantees³

1. Whether the indemnity bond undertaking to indemnify the Commissioner of Customs as per Regulation 5(6) is submitted?
2. Whether a bond equal to the average amount of duty involved on the imported goods and 10% of value of export goods likely to be stored in the said customs area along with appropriate Bank Guarantee has been executed as per Regulation 5(3) and 5(4) ibid?
3. Whether appropriate insurance cover is taken as per Regulation 5(1) (iii)? (Details to be furnished)
4. Details of Bonds and Insurance:

Type of surety/security	Amount and validity	Remarks if any
Bond		
Bank Guarantee		
Insurance		

D. Infrastructure⁴

1. Whether the facility fulfils the land area requirement? (location map with aerial and floor plan to be attached)

Total Area (in hectares)	
Customs Bonded area	
Covered area	
Number of sheds	

³ HCCAR 2009, Circular 04/2011 dated 10.01.2011

⁴ HCCAR 2009, Circular 04/2011 dated 10.01.2011

2. Whether adequate provision is made for standard pavement for heavy duty equipment for use in the operational and stacking area?
3. Whether adequate arrangements are made for fully furnished office accommodation for Customs officers including provisions made for Customs staff at the Gate?
4. Whether general facilities such as ventilation, electricity system, emergency exit etc. are provided?
5. Whether provisions for adequate space with basic amenities and facilities have been made for PGAs/ other agencies?
6. Whether provision is made for storage, separately for
 - (i) Imported goods,
 - (ii) Export goods,
 - (iii) Transshipment goods
7. Whether separate area has been earmarked for the goods detained/ Confiscated by the Customs? (specifically mark in floor plan at 7 above)
8. Whether separate demarcated area for fumigation has been adequately provided?
9. Whether adequate parking space (taking into consideration average traffic) for vehicle is provided?
10. Whether provision is made for electronic weigh-bridge and other weighing measuring devices along with record keeping of weight for future verification?
11. Whether equipment⁵ availability satisfies the requirement of the facility? (Type wise details to be provided)
12. Whether the equipments installed for different purposes such as handling, weighing etc. are checked and calibrated from time to time?
13. Whether a proper and reliable system of Equipment Audit put in place by the CCSP? (specify the details)
14. Whether the material handling equipments are in conformity with the safety standards prescribed for such equipments?
15. Whether acquaintance or training to staff for proper implementation and to comply with the maintenance and readiness of all the equipments and to manage contingencies has been provided? (detail to be attached)
16. Whether the IT infrastructure available is satisfactory?
17. Whether Internet connectivity is satisfactory?
18. Whether the area has good mobile network connectivity?
19. Whether Standard Operating Procedure issued by Directorate of System for handling interruption is being followed satisfactorily?

⁵ Including cranes, lifts, hoists, reach stackers, tractors, trucks and other vehicles for movement or transport of goods and other machines used in the premises for handling of cargo

20. Whether the schedule of charges associated with various services in relation to import or export of goods in the customs area is displayed at prominent places including web page or website of the CCSP?

E. Security⁶:

1. Whether proper boundary wall is in existence for ensuring safety of the goods and is adequate?
2. Is the entire premise is under CCTV surveillance?⁷
3. Whether provision is made for security and access control to prohibit unauthorised access into the premises is adequate?
4. Whether measures are taken for securing buildings against unlawful entry and whether external and internal windows, gates and fences are secured with locking devices or alternative access monitoring or control measures?
5. Whether proper gate complex with separate entry and exit are provided?
6. Whether internal and external lighting provided is adequate especially for entrances and exits, cargo handling and storage areas, fence lines and parking areas?
7. Whether provision is made for manning/monitoring/controlling the vehicles and/or personnel enter/exit through gates?
8. Whether the premises and surrounding area is well illuminated, duly protected with spark arresters?
9. Whether provision is made for computerized system for location of goods? (if yes, whether test check was conducted)
10. Whether integrity of cargo (i.e. storage of consignment in a single lot) is ensured by proper monitoring or keeping in a safe, locked area?
11. Whether any system of marking the goods detained by Customs and tracking their Bill of Entry or Shipping Bill and other related documents is available in their computer system, whether any regular monthly reporting of such cargo is being carried out?
12. Whether provision is made to restrict access to document or cargo storage areas and identification is made for the restricted areas?
13. Whether internal controls for periodical inspection of the integrity of structure and system is satisfactory?
14. Whether provision is made for display of identity cards by the employees with the name of the organization for easy identification of the employee and organization?

⁶ HCCAR 2009, Circular 04/2011 dated 10.01.2011

⁷ Circular 03/2013 dated 01.01.2013

15. Whether the schedule of charges associated with various services in relation to import or export of goods in the customs area is displayed at prominent places including web page or website of the Customs Cargo Service Provider.

E. Handling of Hazardous goods⁸

1. Whether proper provision made for storage of the imported goods or export goods which are hazardous in nature, at the approved premises of the CCSP in isolated place duly separated from other general cargo, depending upon classification of its hazardous nature?⁹ (please elaborate such arrangements)
2. Whether separate arrangement have been made for explosives in this respect? (Details to be furnished)
3. Whether the premises for storage of hazardous cargo is properly constructed and fulfill the standards or norms prescribed, in National Building Code of India?¹⁰
4. Whether such area mentioned at is situated more than 200 meters away from main office, administrative, customs office?¹²
5. Whether Safety plans, procedures, instructions for safe handling and storage of hazardous goods including the procedure for reporting accidents to proper officer of Customs and appropriate State Authorities are available?

⁸ Compliance of ICD/CFS policy guidelines, HCCAR 2009 regulations, other Circulars and Public Notices in respect of Safety including storage of goods of Hazardous Nature

⁹ Such as Explosives (as defined under Rule 3 of Explosives Rules, 1983), Gases (Inflammable Flammable Gases, Toxic, Non toxic gases etc.) Flammable liquids, Flammable Solids (Raw and wet cotton, spontaneous combustible substances, substance emitting flammable gases in contact with water etc.) Oxidizing Substance & Organic Peroxide (sodium peroxide Barium Bromate Perox/acetic acid etc), Poisonous & infectious Substances (Tear Gas, Biological substance, Formic Acid, Arsenic Acid etc.). Radio Active Materials, Corrosives (Acetic Acid, Sulphuric Acid, Caustic Soda etc.) or any hazardous chemicals defined under Chemical Accidents (Emergency Planning, Preparedness, and Responses) Rules, 1996.

¹⁰ Fire and Life safety specify the requirements for fire prevention, life safety in relation to fire and fire protection of buildings necessary to minimize danger to life and property from fire) or by the concerned State/ Central Governments for fire safety.

¹¹ including appropriate heat or fire resistant wall, Reinforced Cement Concrete roofing, flooring

¹² Circular 40/2016 dated 26.08.2016,

6. Whether incident log book regarding such accidents is maintained by the Custodian?
(Detail of previous accidents, if any, to be furnished):
7. Whether safety sign boards, signals are displayed conspicuously?
8. Whether safety instructions and procedures are available at the premise?
9. Whether staff handling the goods is familiar with all the pictorial indications or stickers used in international trade such as International Maritime Dangerous Goods code, other domestic legislations to identify hazardous goods?
10. Whether premises is equipped with adequate fire fighting apparatus, such as Fire extinguishers, Fire Hydrants, Fire Pumps, Fire hoses, Fireman outfits, CO₂ fix systems?
11. Whether fire preventive equipments such as automatic Fire detection and alarm system, Fire control plan, Nozzles, Smoke detectors, Temperature detectors, automatic sprinkler systems, sand boxes, emergency lighting system, water supply outlet, fire exit etc are provided?
12. Whether approval of Fire safety department of concerned state is available in the formation?
13. Whether 'No smoking' signals are properly displayed in the premises?
14. Whether the open space, provided for movement, total covered area for storage of containers is laid out in such manner that they do not hinder movement of persons, evacuation of goods in case of emergency?
15. Whether appropriate Contingency plan to handle emergency situation when there is an immediate danger to personnel, cargo or other infrastructure in the premises has been provided by the custodian?
16. Whether facilities for installation of scanned equipment are provided?
17. Whether provisions for medical First Aid Kits in premises and emergency medical services has been made, in case any person comes into contact with hazardous/dangerous goods?
18. Whether the security and safety of the premises has been assigned to specified persons working therein so that necessary services in case of emergency such as fire fighting, fire brigade, fire tenders shall be obtained in time to prevent, control and extinguish fire?
19. Whether handling of hazardous cargo within the premises, transportation of hazardous cargo between the premises and port terminals or other authorized places is secured through authorized vehicles with proper safety indications?
20. Whether the procedure for receipt, handling, delivery of hazardous cargo exists in such a manner that the same does not hinder the movement of general cargo or endanger the safety and security of the premises?

21. Whether the provisions of the relevant rules and regulations prescribed by the Government are adhered to in respect of storage and handling of such goods?¹³

F. Disposal of Uncleared Cargo¹⁴

1. Whether goods lying unclaimed, uncleared or abandoned are disposed off by the custodian in the manner specified in circular 49/2018 dated 03.12.2018, within a period of 90 days? (verify the records and indicate the lapses during the period under inspection, if any)
2. Whether there are any consignments lying unclaimed, uncleared or abandoned? (age wise break up should be furnished):

Number of consignments pending clearance beyond the stipulated time of one month	Period wise break up				
	Less than 3 months	3-6 months	6-12 months	1-2 years	More than 2 years

3. Whether any of the above consignments are of Hazardous Nature/ Explosive Material? (Please provide complete details of such consignments):

S. No.	Container No.	Hazardous/ Explosive Item Description	Container Arrival Date	Remarks

¹³ Such as Hazardous Waste (Management, Handling, Transboundary) Rules, 2009; Manufacture, Storage and import of Hazardous Chemical Rules, 1989; mandatory documents (PSIC, sales contract, Certificate from PCB, clearance from MoEF) as per the Hazardous wastes (Management, Handling and Transboundary Movement) Rules, 2008 ; in case of storage, collection, export and import of hazardous goods, No Objection Certificate (NOC) from State Pollution Control Board and Central Pollution Control Board as per provisions (Rule 5) of the Hazardous Waste (Management and Handling Transboundary Movement Rules 2008) and the Water (Prevention and Control of Pollution) Act 1974; clearance from the State Pollution Control Board within a period of sixty days from the date of commencement of the ICD as per Ministry of Environment, Forest and Climate Change (MoEF) Notification No. S.O. 2265 (F) dated 24 September 2008.

¹⁴ Compliance of ICD/CFS policy guidelines, HCCAR 2009 regulations, other Circulars and Public Notices

4. Whether the action taken for disposal of the pending containers is satisfactory? (Any lapse on the part of the custodian shall be recorded)
5. Whether follow up mechanism exist to verify re export of cargoes ordered to be re-exported by the Indian agencies because of non-compliance of Indian laws?
6. Whether there are any consignment ordered to be re-exported? (age wise break up should be furnished)

Number of consignments pending re-export after the re-export order	Period wise break up				
	Less than 3 months	3-6 months	6-12 months	1-2 years	More than 2 years

7. Whether an independent mechanism exists to cross verify the uncleared cargo report (UCC) report furnished by the custodian? (verification logs may be checked)
8. Whether adequate facilities for auction, including e-auction for disposal of un-cleared, unclaimed and abandoned cargo are provided ?

G. Any other observation (s)

H. Recommendations of the inspection team

Signature
Name of the Officer
Designation

Signature