

F. No. 394/29/2020-Cus (AS)

Government of India
Ministry of Finance
Department of Revenue
Anti-Smuggling Unit (CBIC)

Room No. 512, 5th Floor, Hudco Vishala Building,
R. K. Puram, New Delhi. **Dated 05.11.2020**

All Principal Chief/Chief Commissioners of Customs,
All Principal Chief/Chief Commissioners of Customs(P),
All Principal Chief/Chief Commissioners of Customs & CGST,
Webmaster, CBIC.

Madam/Sir,

**Subject: Policy and Guidelines for setting up of Inland Container Depots (ICDs),
Container Freight Stations (CFSs) and Air Freight Stations (AFSs)-Reg.**

1. Introduction

1.1. An Inter-Ministerial Committee (IMC) was constituted in 1992 to act as a single window for clearance of proposals to set up Inland Container Depots (ICDs), Container Freight Stations (CFSs) and Air Freight Stations (AFSs). The Ministry of Commerce and Industry Guidelines, 1992 prescribed the requirements for setting up of the ICDs and CFSs. The subsequent guidelines issued by the Department of Commerce (DoC) and Central Board of Indirect Taxes and Customs (CBIC) set the rules for establishment & functioning of these facilities. The matters relating to setting up of ICDs/CFSs/AFSs were brought under CBIC in 2018. Accordingly, the Board had reconstituted the Inter-Ministerial Committee vide order issued under F.No. 434/04/2018-Cus.IV dated 20.06.2018.

1.2. In the last two decades, both the cargo volumes and capacities of ICDs/CFSs have increased manifold. A few key initiatives transforming the manner of trade in recent years, such as implementation of the Authorized Economic operator (AEO) programme, rising penetration of the Direct Port Delivery(DPD) and Direct Port Entry(DPE) initiatives, Self-Sealing (RFID seals), Self-Assessment, Electronic Cargo Tracking System (ECTS) and RMS based facilitation have completely changed the operation of Export-Import logistics. The CBIC is also targeting higher DPD, DPE numbers with minimum but more effective Customs interventions aided by technological measures.

1.3. Similarly, physical infrastructure has undergone exponential improvements with the development of expressways, national highways connecting ports to hinterland. Many new private ports & terminals within the existing ports have come up on both Western and Eastern coasts of the country. The operationalisation of Western and Eastern Dedicated Freight Corridors is near future is expected to completely change the dynamics of cargo movement.

1.4. At present, majority of CFSs are located up to 50 kms away from the port and are concentrated in high numbers in the western and southern India. ICDs on the other hand are concentrated in the northern hinterland. Similarly, the traffic across ICDs is also not distributed evenly, only 25 ICDs cater 83% of the total volume (in terms of Shipping Bills and Bills of Entries).

1.5. Therefore, on account of plethora of changes in the policy, technology landscape and the logistics ecosystem over the time, there is a need for revising the policies and procedure for setting up of new ICDs/CFSs/AFSs to meet the requirement of the changing paradigm and the aspirations of the trade.

1.6. Accordingly, the new policy:

- i. takes into account the present capacity, future growth potential and regional imbalances and also addresses the need for bringing uniformity, transparency and seamless approval process;
- ii. addresses the identified regulatory and logistics concerns associated with the hard and soft infrastructure of ICDs/CFSs/AFSs in India;
- iii. establishes a framework of functional requirements pertaining to the design and operation of dry ports, as well as establish certain processes to enable sustainable growth of the sector; and
- iv. aims to lay down appropriate institutional, administrative and regulatory frameworks for development and smooth operation of ICDs/CFSs/AFSs, including procedures for regulatory inspection and the execution of applicable customs control and formalities.

2. Distinction between ICD, CFS and AFS

2.1 *Inland Container Depot (ICD)* :

2.1.1. An off seaport (or port) facility having such fixed installations or otherwise, equipment, machinery etc. providing services for handling / clearance of laden import, export containers for home use, warehousing, temporary admissions, re-export etc under customs control and with storage facility for customs bonded or non-bonded cargo.

2.1.2. An ICD is a “self-contained Customs station” like a port or air cargo unit where filing of Customs manifests, Bills of Entries, Shipping Bills and other declarations, assessment and all the activities related to clearance of goods for home use, warehousing, temporary admissions, re-export, temporary storage for onward transit and outright export, transshipment, etc., take place. An ICD would have its own automated system with a separate station code (such as INTKD 6, INSNF6 etc.) being allotted by Ministry of Commerce and with in-built capacity to enter examination reports and enable assessment of documents, processing of manifest, amendments, etc.

2.2. Container Freight Station

2.2.1. An off seaport (or port) facility having such fixed installations or otherwise, equipment, machinery etc., providing services for handling / clearance of laden import, export containers for home use, warehousing, temporary admissions, re-export etc under customs control and with storage facility for customs bonded or non-bonded cargo.

2.2.2. Though by definition, both ICD and CFS are similar, a CFS is only a Customs area notified under section 8 of the Customs Act, 1962, located in the jurisdiction of a Commissioner of Customs exercising control over a specified Customs port, airport, LCS/ICD while an ICD is notified under section 7 of the Customs Act, 1962. A CFS cannot have an independent existence and has to be linked to a Customs station within the jurisdiction of the Commissioner of Customs. It is an extension of a Customs port set up with the main objective of decongestion. In a CFS only a part of the Customs processes mainly the examination of goods is normally carried out by Customs besides stuffing/de-stuffing of containers and aggregation/ segregation of cargo. Thus, Custom's functions relating to processing of manifest, import/ export declarations and assessment of Bill of Entry/Shipping Bill are performed in the Custom House/Custom Office that exercises jurisdiction over the parent port/airport/ICD/LCS to which the said CFS is attached. In the case of Customs Stations having facility of automated processing of documents, terminals are provided at such CFSs for recording the result of examination, etc. In some CFSs, extension Service Centers are available for filing documents, amendments etc. However, the assessment of the documents etc. is carried out centrally.

2.2.3. An ICD may also have several CFSs attached to it within the jurisdiction of the Commissioner of Customs just as in the case of a port.

2.3. Air Freight Station (AFS)

2.3.1. 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.

2.3.2. While CFS handles maritime cargo, an AFS is meant to handle air cargo.

2.4. Important centers of activity relating to ICDs/CFSs/AFSs

2.4.1. 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.

2.4.2. 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 empty containers await onward movement. Likewise, some stacking areas are earmarked for keeping special containers such as refrigerated, hazardous, overweight/over- length etc.

2.4.3. **Warehouse:** Public warehouse appointed under section 57 or private warehouse licensed under section 58 is 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.

2.4.4 **Gate Complex:** The gate complex regulates the entry and exits of road vehicles carrying cargo and containers through the terminal. It is place where documentation, security and container inspection procedures are undertaken.

3. Functions and benefits of ICDs/CFSs/AFSs

3.1. The primary functions of ICD/CFS/AFS include receipt and dispatch/delivery of cargo, stuffing and stripping of containers, transit operations by rail/road to and from serving ports; customs clearance, consolidation and desegregation of loose Container Load (LCL) cargo, temporary storage of cargo and containers, reworking of containers; and maintenance and repair of container units.

3.2. ICD/CFS/AFS, *inter alia*, offer the following benefits to the trade, namely, serving as concentration points for long distance cargo movement and transit facility, making available customs clearance facility available near the centers of production and consumption free movement of cargo at gateway ports and decongesting the ports, reducing the costs of transport, inventory, demurrage and level of pilferage; enabling intermodal transshipments & repositioning of containers for shipping lines.

4. Criteria for new ICDs/CFSs/AFSs

4.1. Geographical Criteria for approvals

4.1.1. It has been seen in the past that the tendency of developers to set up facilities in few selected areas led not only to proliferation at those centers but also has resulted in investments being made near big cities/ports, far from the manufacturing/exporting units. Moreover, such distorted penetration results in higher costs for inland units apart from creating manpower issues for the departments.

4.1.2. Therefore, it has been decided to group the country in three types of areas for the purposes of opening of new ICDs/CFSs as under following:

- **Green Zone:** States low on ICD/CFS infrastructure. These will be open for proposals (Himachal Pradesh, Bihar, Jharkhand, West Bengal, Sikkim, Assam, Arunachal Pradesh, Nagaland, Manipur, Mizoram, Tripura, Meghalaya and Telengana and Union territories of Jammu and Kashmir and Ladakh);
- **Blue Zone:** States where the proposals can be accepted only for specific trade generating locations with no existing facilities or with over utilized facilities (Uttarakhand, Uttar Pradesh, Chhattisgarh, Odisha, Andhra Pradesh, Goa, Karnataka and Kerala and Union Territories of Pudhucherry, Diu and Daman); and
- **Red Zone:** The identified states have adequate ICD/CFS infrastructure. These may be closed for any new CFSs development indefinitely. However, in exceptional cases

IMC may approve the setting up of ICDs in trade generating locations with high export & import potential and need of new facilities (all the states and union territories not listed in Green and Blue Zones).

4.1.3. *Distance of ICD from ports* - Rail transport is price competitive with road transport when the lead distance is more than 200 kms. Rail connected ICDs are favored at hinterland locations with lead distances up to 1,500 kms in north India. The development of ICDs within 200 kms of a connecting/Nearest serving seaport shall be discouraged. The measure is expected to further encourage DPD & DPE movement between hinterland & ports. For calculation of distance, the chargeable route by rail and shortest road (National Highway / State Highway) from serving port shall be considered. This rule shall be applicable across all geographical zones.

4.1.4. *Distance between ICDs* - No Greenfield ICD shall be permitted to be established within 100kmsdistance from existing ICD. Distance will be referred as chargeable railways route (both directions) between ICDs and shortest road distance(National Highway / State Highway, both directions) in case of road linked ICD. This rule shall be applicable across all Geographical zones.

4.1.5. *Development in States with low Logistics Infrastructure* - To support infrastructure development in states with limited logistics infrastructure, priority should be given to Identifying and promoting ICD/CFS/AFS facilities where presence of such facilities is limited. These are clustered in Green Zone as proposed above. IMC can give relaxation on Distance rules in Green Zone.

4.1.6. *National Logistics Action Plan/Policy* - The approval and notification of all new ICD/CFS, including existing and new MMLPs will be processed in consonance with the national logistics action plan/policy.

4.1.7. *Inland National Waterways* - Development of ICDs based on Inland National Waterways as mode of transportation will be encouraged with relaxation being given on Geographical Zone& Distance rules.

4.1.8. *Railways Freight Corridors* - Approval of Greenfield ICDs directly along/Linked with DFCs (Eastern & Western DFCs and any new operationalized railways freight corridor) will be accorded with no more than one ICD directly connected with these corridors within chargeable distance of 100 kms in both directions. It is expected that some of existing ICDs will get connected directly to freight corridors and while some will operate in Hub & Spoke model in future. With priority of increasing utilization of Freight corridors as they operationalize and lowering the logistics costs, IMC can accord approvals to these facilities in any zone while maintaining distance rules on the corridors.

4.1.9. *Exceptions* - IMC can approve creation of additional facilities near existing ICDs (all 3 zones) if the demand exceeds the existing capacity of ICDs/CFSs in trade generating location/area. This can be determined by analyzing the existing utilization of ICDs in designated trade generating location/area.

4.1.10. In no case a new CFS shall be set up which is linked to an ICD. Only CFSs connected to ports in the permissible Zones (as mentioned above) shall be allowed after considering existing capacity and utilization parameters.

4.1.11. AFSs are relatively new to India, hence, in the case of AFSs, the IMC while considering the application, will only take into account the demand-supply gap and take appropriate decision.

4.2. Volume

4.2.1. The facility must be economically viable to manage and attractive to the users, to the railways for full train load movements; to other transport operators; seaports; shipping lines; freight forwarders etc. and must operate at certain minimum amount of traffic. The applicants must therefore study carefully the viability of the project from the point of view of the TEU traffic availability.

4.2.2. In the time of growing international trade, the creation of any infrastructure facility must commensurate with the generation of demand in actual terms. This is particularly important as such facilities have a long gestation period for being fully operationalized. Accordingly, the minimum threshold performance shall be 7200 TEUs/consignments¹ per year (two way) for an ICD and 1200 TEUs/consignments per year (two way) for a CFS. However, no such threshold performance is prescribed for an AFS.

4.3. Land

4.3.1. The minimum area requirement is seven hectare for ICD having minimum area of four hectares as Customs Notified Area and minimum one hectare nominated for DPD & DPE nominated space. For states in Green Zone, ICD with three hectares for customs notified area and one hectare for DPD & DPE may be considered. The minimum area requirement shall be two hectare for a CFS. For AFS 1000 Sq. meters of covered area each for imports and exports respectively shall be made available.

4.3.2. *Ownership of Land* - The applicant must have the legal rights over the land which is proposed for ICD/CFS construction. If the land is not owned and the land is leased, the lease agreement with lessor must be for period of 30 years. Change of Land Use certificate, wherever required shall accompany the application and land should be free from acquisition proceeding at date of application. The land parcels should be contiguous with only exception for setting up non-bonded storage facility.

4.4. Other Criteria

4.4.1. *Legal entity* - The applicant must be a legal entity in India under applicable law. The entity must possess a valid GST registration and should have been operating for a minimum period of three years.

4.4.2. *Prior experience* - The applicant must have prior experience of operating as CCSP or should have other trans-border logistics experience such as logistics service provider including customs brokers, transporters, freight forwarders, shipping lines and port terminal operators.

¹ Consignments here refers to Shipping Bill/ Bill of Entry

5. Application and Approval Procedures

5.1. Setting up of new ICD/CFS/AFS

5.1.1. The application for setting up of new ICD/CFS/AFS shall be submitted to the Member (Customs), CBIC, Office of the Commissioner (RI&I), 5th floor, Hudco Vishala Building, Bhikaji Cama Place, New Delhi 110066, email: mgt.valavan@nic.in, in the format provided in **Annexure-I**. Application shall also accompany a Detailed Project Report (DPR) in format provided in **Annexure-II**. The application should be submitted in six copies with one advance copy to jurisdictional Commissioner of Customs for his recommendation on feasibility and five copies to Member (Customs), CBIC. No application fee will be charged from the applicants. Without waiting for the report from jurisdictional Commissioner, the other copies of the application shall be sent by office of the Commissioner (RI&I) to all the members of IMC for their comments.

5.1.2. Applicants shall familiarize themselves with statutory Customs requirements in relation to bonding, transit bond, security, insurance, other necessary procedural requirements and cost recovery charges payable before filing the application.

5.1.3. The jurisdictional Commissioner of Customs, upon receipt of the advance copy, will examine the feasibility of the proposal and send his recommendations, along with reasons thereof, to Member (Customs), CBIC, within 30 days of receipt of the application. The recommendations of jurisdictional Commissioner shall take into account manpower availability, existing ICD/ CFS capacity and its utilization, future projections, reduction in logistics cost and the impact on local trade stakeholders of the new proposed facility in lines with policy. The jurisdictional Commissioner shall do his own analysis based on historical data and existing facilities working in the vicinity. The jurisdictional Commissioner while forwarding his recommendation shall make a categorical statement whether an application merits consideration or rejection.

5.1.4. On receipt of the proposal, the members of the IMC will furnish their comments within 30 days.

5.1.5. Proposals for setting up ICD/CFS/AFS will be considered on merits by the IMC. Normally, the IMC meetings will be held twice in a year. The committee may approve or refuse to grant approval for setting up of ICD/CFS/AFS. The recommendations of the jurisdictional Commissioner will be a relevant factor but not necessarily binding on the IMC. The IMC can independently decide about approval/rejection of any project based on the valid considerations. The applicant shall not make any investment before obtaining the approval from IMC. The “in-principle” approval from the jurisdictional Customs Commissioner regarding the feasibility of the proposed facility shall not be considered as final. Any investment made by the prospective developer before the approval of IMC shall be at the risk of developer and as a result would not constitute a relevant factor for approval of the facility.

5.1.6. On approval of a proposal, a Letter of Intent (LOI) will be issued to the applicant with conditions as may be considered necessary, which will enable applicant to initiate steps to create infrastructure. The applicant would be required to set up the

infrastructure within one year from the date of approval.

5.1.7. The LOI will have a validity of 12 months. It will be further extendable by a maximum of 12 months once only. Only in exceptional cases, IMC would further extend it by 6 months in one go for maximum 2 terms. Therefore, no extension after this time will be provided and proposal will be deemed as rejected. Once rejected, new proposal must be submitted afresh.

5.1.8. The IMC has right to suspend or revoke the approval granted in the following cases:

- i. on breach of any conditions of applicable law or contained herein; or
- ii. the setting up/continuance of the ICD/CFS/AFS would be prejudicial to public interest; or
- iii. if the ICD/CFS/AFS entity or any of its promoters is convicted of an offence under the provision of any Act in force.

5.2. *Applications for other purposes*

5.2.1. *Change of CFS to ICD and vice versa and notification of AFS in Existing ICD* - When a CFS operator wants to upgrade the facility to ICD or convert the ICD to CFS, he shall approach the IMC for approval for such a change. Such applications shall be processed in the similar manner as that of a new facility.

5.2.2. *Change in Ownership* - Jurisdictional Commissioner of Customs can approve the change of custodian of existing facilities under section 45 of the Customs Act, 1962 and the change may be informed to the Commissioner (RI&I). There will be no need to approach IMC for change in ownership provided the residual entity meets turnover and other requirements established within the framework of this policy. However, any precondition prescribed in this policy which the original developer is required to fulfill, shall be met by the new owner as well. The new owner shall ensure and confirm that all the liabilities under the Customs Act, 1962 and regulations thereof, payable by the existing operator are duly discharged before such change of ownership.

5.2.3. *Change in Location* - For change of location of an existing facility, the operator of the facility shall approach IMC. If the new location is in the same locality of the existing cluster of CFSs/AFSs, and serves to the same gateway port, the IMC after consulting the jurisdictional Commissioner of Customs, may approve such request. However, in case such change of location involves substantial geographical change (outside existing District or involves change of port to which the CFS serves), it should be treated as closure of the existing facility and setting up of a new facility.

6. Post Approval Obligations

6.1. *Operationalising the facility*

6.1.1. The applicant shall take all necessary actions to operationalise the facility within the validity period of the LOI. The applicant must put up the required infrastructure and

meet the regulatory requirements in compliance with applicable law to become functional. The Check list for various requirements is given at the **Annexure-III**.

6.1.2. The applicant, after receipt of LOI, shall send monthly progress report to jurisdictional Commissioner of Customs in the proforma as may be prescribed by him. Failure to submit progress report would have an adverse effect in cases where extension is to be sought. Non-compliance to send reports shall be a valid ground for rejection of request for extension.

6.1.3. After development of infrastructure as per requirements, applicant shall apply to CBIC for notification of facility as ICD or AFS under Section 7(aa) of Customs Act, 1962 through the jurisdictional Commissioner of Customs.

6.1.4. Further, applicant will approach jurisdictional Commissioner of Customs to issue notifications under section 8 of the Customs Act 1962 for approving landing place and specifying limits of Customs area and under Section 45(1) of the Customs Act, 1962 for declaration as "Custodian".

6.1.5. These notifications will be issued only if the Board or the jurisdictional Commissioner of Customs, as the case may be, is fully satisfied with the readiness of the facility and fulfillment of compliances under the Handling of Cargo in Customs Areas Regulations (HCCAR), 2009.

6.1.6. Further, after the issuance of LOI and before the issuance of the notifications as mentioned above, the jurisdictional Commissioner of Customs shall coordinate with the Directorate General of Human Resource Development (DGHRD) for creating the required numbers of cost recovery posts.

6.1.7. The jurisdictional Commissioner of Customs while forwarding the recommendation for issuance of notification shall:

- a. satisfy himself about the readiness of the facility including fulfillment of the requirements listed at Annexure-III;
- b. ensure that the required number of cost recovery posts are created; and
- c. confirm that once the facility is notified the Commissionate will be able to deploy the officers.

6.2. Regulatory and other compliances

6.2.1. The facility operator who is appointed as custodian of the goods meant for import and export shall be required to comply with provisions of the Customs Act, 1962, rules and regulations thereof and circulars/instructions issued from time to time by the Board in relation to the custody, storage, handling and disposal of cargo including the Handling of Cargo in Customs Area Regulations, 2009.

6.2.2. The operator shall comply with the laws relating to Indian Railways (for safety of siding and smooth rake operations in the facility), labor, environment (including the laws

relating to the storage of hazardous goods, legal metrology (certification for installed weighing instruments including weight bridges etc.) food safety (certification of facility by FSSAI for storage) etc.

6.2.3. The operator shall also comply with the circulars/instructions issued by the Board on cost recovery charges from time to time for the officers deployed. The payment of cost recovery charges for the officers and staff deployed and exemption from such payment shall be governed by the extant rules, policy and circulars in this regard.

6.2.4. No alteration of the plan of the ICD / CFS shall be made without the concurrence of the jurisdictional Commissioner of Customs. Further, no reduction in minimum prescribed physical area shall be allowed.

6.2.5. For Rail linked ICDs, investors will be required to provide at their own cost all infrastructure facilities including land, track, and maintenance of assets including track, rolling stock, etc. as per extant railway rules applicable to such sidings. The cost of the railway staff would be governed as per the prevailing Indian Railways policy.

6.2.6. The custodians should strictly follow any guidelines/directions issued on account of *force-majeure* of Government of India from time to time.

6.3. *Record keeping handling, receipt and storage*

6.3.1. For the proper discharge of duties, the custodian shall execute a Bond covering the value of the goods stored in the ICD/CFS with the Assistant/Deputy Commissioner of Customs. The custodian shall ensure that all goods held in the ICD/CFS are adequately covered as per extant circulars issued by the Board.

6.3.2. The custodian shall provide safe, secure and spacious place for loading, unloading and storage of the cargo.

6.3.3. The custodian shall also provide sufficient modern handling equipments in operating condition for handling the cargo in the notified area.

6.3.4. The custodian shall be responsible for the proper receipt, handling, storage and shall be accountable for the loss of imported goods after the landing and before clearance, and also for goods meant for export/transshipment. They shall also maintain proper records of all such goods including the records of goods which are cleared with the permission of the Customs or disposed of, under section 48 of the Customs Act 1962 or otherwise. Further, custodians shall share available data with the Government Departments/Agencies ensuring reasonable commercial and individual privacy.

6.3.5. If any imported goods are pilfered or lost after unloading in the customs area while in the custody of the custodian, then in terms of provisions of section 45(3) of the Customs Act 1962, they shall be liable to pay the duty on such pilfered goods.

6.4. Infrastructure and other facilities

6.4.1. The custodian shall also take steps to bring about necessary improvements in the infrastructural facilities and other amenities required to be provided to the trade and to Customs staff, as may be necessitated from time to time, consequent upon the growth in the volume of Import and Export Trade handled at the ICD/CFS.

6.4.2. In case the custodian wants to sublet any of the functions inside the customs area or connected with the customs area, the same should be done with prior approval of the Commissioner of Customs and the custodian shall remain responsible for the omissions and commissions of the said agency.

6.5. Performance Monitoring

6.5.1 The Commissioner of Customs shall ensure that annual audit/inspection of the notified facilities are conducted in terms of the circulars/ instructions issued in this regard.

6.5.2 The jurisdictional Commissioner of Customs shall, based on the findings of the annual inspection report or otherwise, take necessary remedial action including penal action, for any contravention, under the Customs Act, 1962 read with HCCAR, 2009. It may be noted that each violation shall be treated as separate for the purpose of initiating penal actions.

6.5.3 The jurisdictional Commissionerates must list out functional, non-functional and approved count of ICDs on their websites, latest figures of volume handled, Infrastructure profiles, compliance with HCCAR 2009 rules to be maintained on month on month basis on the Commissionerate's web-portal.

7. Term, renewal and de-notification of the facility

7.1. The duration of the award for the operation of the facility shall be governed by HCCAR 2009 unless otherwise mentioned in any other guidelines. The applicant shall get the award renewed by the jurisdictional Commissioner of Customs.

7.2. At the time of renewal, the jurisdictional Commissioner of Customs shall satisfy himself about the functioning of the facility including the minimum volume projected at the time of initial proposal.

7.3. The ICDs not meeting the minimum prescribed threshold performance for four consecutive financial years will be considered for de-notification by the Board based on the recommendation of the jurisdictional Commissioner of Customs. As regards CFSs, jurisdictional Commissioner can de-notify the facility if it failed to meet the prescribed minimum threshold performance for four consecutive financial years. In the case of AFSs, the Board may analyze the performance of the facility and may consider the de-notification wherever necessary, based on the recommendation of the Jurisdictional Commissioner of Customs.

7.4. The jurisdictional Commissioners of Customs can order for closure of a facility when requested by a custodian. Such requests should be approved within 6 months subject to clearance of dues of Cost Recovery Charges, disposal of detained/Seized cargo & cases against CCSP if any. Jurisdictional Commissioner will take no dues certificate thereafter commissioner may de-notify any CFS/AFS and in the case of ICD he shall forward the proposal for de-notification to the Board.

8. Scope and applicability

The policy and guidelines prescribed here will be applicable to all the new proposals that are submitted to IMC after the date of issue of this circular. The proposals already submitted but are yet to be considered by the IMC shall also be governed by these guidelines. As regards the existing facilities and the proposals for which Letter of Intent has already been issued but the facilities are yet to commence their operations, shall also be governed by these guidelines to the extent to which they are applicable (such as post approval obligations, term, renewal and de-notification etc). The proposals which have been approved by IMC will be scrutinized under old policy.

9. The above guidelines may be circulated among the stakeholders and public and the field formations may be sensitized suitably.

10. Any difficulties in the implementation of these guidelines may be brought to the notice of the Board immediately.

Yours faithfully,



(Amit Singh Chandel)
OSD (Anti-Smuggling)

Format of Application for Setting up of an Inland Container Depot/Container Freight Station/Air Freight Station

Note: Five Copies shall be submitted to the Member (Customs), CBIC, Office of the Commissioner (RI&I), 5th floor, Hudco Vishala Building, Bhikaji Cama Place, New Delhi 110066, email: mgt.valavan@nic.in; one advance copy shall be submitted to the jurisdictional Commissioner of Customs.

Name of the Entity:	
Entity Type:	<u>Public Ltd./Pvt. Ltd./Individual</u>
Registered Office Address:	
Authorized Economic Operator-Logistics Operator Status Holder	Yes/No (If yes, please provide details)
Application for (Mark whichever applicable)	<input type="checkbox"/> ICD <input type="checkbox"/> CFS <input type="checkbox"/> AFS <input type="checkbox"/> CFS to ICD <input type="checkbox"/> Change of location of an existing ICD/CFS/AFS
Geographical Zone of Facility ² (Mark whichever applicable)	<input type="checkbox"/> Green <input type="checkbox"/> Blue <input type="checkbox"/> Red
State of facility proposed	
District of facility proposed	
Nearest ICD/CFS/AFS with distance from proposed facility.	
Concerned Customs Zone	
Has proposal been rejected earlier	Yes /No
If yes, when	DD/MM/YYYY
If the proposal has been rejected earlier, whether the instant proposal brings out any fresh facts for	Yes/No

² Refer para 4.1.2 of the Circular

consideration of IMC? (Details to be furnished separately)	
Date of submission of Advance Copy of application to jurisdictional Commissioner of Customs	
Whether detailed Project Report enclosed with the application	Yes/No
Details of other documents submitted (if any)	1. 2. 3.
Contact details of Authorized Signatory	Name: E-Mail: Contact No:

Declaration (*strike out whatever not applicable*):

1. I , S/o....., the authorised signatory of..... hereby certify that the content of this application is true and correct.
2. Neither me, my entity nor the promoter has been convicted of any offence by any court in India or abroad
3. I undertake to comply with the Customs Act, 1962, the regulations and circulars issued from time to time therein relating to functioning of ICD/CFS/AFS.
4. I confirm that the previous owner of the facility has no amount payable to the Commissioner of Customs,..... pending as on this date.

Place: Date:	Signature of Authorized Signatory
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Instruction for submission of the Detailed Project Report for setting up of ICD/CFS/AFS

(Note: The details shall be supported by relevant documents wherever necessary)

1. General Instructions

- i. A power of attorney from the Board of Directors of the entity in favor of the signing authority (who signs all documents related to the demonstration of commitment, including this DPR) should be furnished.
- ii. Container figures in this DPR should be quoted in TEUs and all financials should be quoted in INR.
- iii. All pages of the DPR should be initialed by the signing authority of the applicant.
- iv. The Inter-Ministerial Committee (IMC) reserves all rights to check the veracity of the supporting documents. This includes the right to call for original documents at any point in the appraisal process.
- v. IMC also reserves the right to ask for clarifications and/or additional documents/information, providing of which within the specified timelines would be binding on the applicants.
- vi. All data points used in the DPR should be supported by reliable sources (cited in footnotes on same page) and copies of the relevant source page be appended to the document.
- vii. For data points generated by primary research, copies of survey forms should be appended to the document.
- viii. All assumptions used in the document should be supported by detailed justification and source for data as applicable.

2. Details of Applicant Entity

- i. Registration details with RoC, details of registered office and corporate office etc.
- ii. Registration with various tax authorities (GST, PAN etc.).
- iii. Memorandum of Association.
- iv. Articles of Association.
- v. Constitution of the Board of Directors (including brief bios of each director, the roles envisaged for each of them).
- vi. Capability statement of the Applicant.
- vii. Details of Similar projects executed in last 3 Financial years.
- viii. Copy of Balance sheets for last 3 financial years.
- ix. Undertaking on Rs. 100/- Non-Judicial Stamp in terms of HCCAR, 2009.

3. Background and Broad Project Rationale

- i. Provide details of the project, including:
 - a. High level capacity creation and capital outlay.
 - b. Technology & Automation proposed for cargo/container handling and IT systems.

- c. Target hinterland/trade generating location.
- d. Market segment proposed to be addressed.
- e. Business Activities & Specific Services Offered.

- ii. Write up on how the proposed project will enhance the export import logistics Infrastructure in country.
- iii. Write up on how project aims to lower cost of logistics for target location.
- iv. Write up on how the proposed project plans reduction of dwell time of containers in its premises.
- v. Stakeholder analysis (including investors, Export & Import Industries, traders, cross-border trade, logistics ecosystem, and affected population).
- vi. Plan for traffic management and decongestion of approach roads for ICD/CFS/AFS.

4. Overview of Business Landscape

Overview of business environment with analysis (such as PESTLE/SWOT).

5. Traffic Assessment

- i. Location: Proposed location should be defined in detail covering following aspects:
 - a. Location identification details.
 - b. Distance from nearest State/National highway.
 - c. Nearest serving Railway station/Railhead from which connectivity is proposed.
 - d. Distance from ports. (Shortest railways rationalized route for containers).
 - e. Mapping of nearest ICDs in 100 kms distance from Road & Rail.
 - f. Area of land and land available for future expansion.
 - g. Status of land(Owned or leased).
- ii. Hinterland Mapping: Identify Primary & Secondary Hinterland and include their detailed profile. Each of trade generating location should have enough potential along with geographical proximity to proposed dry port location. Location geographical maps with indicative hinterlands should be clearly depicted in this section. Existing facilities catering to these hinterlands should also be mapped.
- iii. Commodity wise data: Potential traffic should be also provided with Commodity wise segregation for both primary and secondary hinterland. For these, preferred mode of transportation, competing ICDs, percentage of containerization, DPD & DPE percentage should be captured.
- iv. Primary Survey: It is to be conducted in the areas mapped as hinterlands/trade generating locations to obtain insights from the stakeholders. Stakeholders should include industries in region, chambers of commerce, EXIM associations and other trade bodies, ICDs & CFS in region, forwarders, Customs Brokers, District Industrial Centers of State government, local transporters. Survey should be combination of structured and unstructured questionnaires to obtain better understanding of cargo flow patterns (inflow & outflow) of various commodities from targeted

hinterland.

- v. Open Market potential and target market potential: Post survey, indicative figures for open market potential, volume distributions across other competitors and target market potential should be clearly depicted and should be realistic based on facts/historical data.
- vi. Traffic Forecast: Capture growth drivers for traffic, forecast traffic based on commodity profiles and growth potential for EXIM trade that reflects ground realities. Forecast should be provided for 10 years or expected pay back period whichever is less. Alternate traffic forecasts should also be worked out based on different scenarios.
- vii. Logistics Cost Analysis: Traffic study should provide cost savings in per metric ton comparison which will be derived after setting up of facility. This study should be done at commodity level to each gateway port connection separately.

6. Project Execution/Implementation Strategy

- i. Creation of Infrastructure and strategy for securing/ implementing the same. Plans for Land/site development, Planned Railway Connectivity, Application under Private Freight terminal, Approach Road etc.
- ii. Project management framework and philosophy.
- iii. Cost & Time overrun contingency measures.
- iv. Planning Considerations of Port Facilities requirements specified by policy.
- v. Selection of Cargo Handling Equipment.
- vi. Project Phasing (Quarterly activity plan supported by detailed Gantt Charts) including major milestones.
- vii. Key Activities by quarter.
- viii. Organization Structure proposed (with details of management team and role of partners) up to three levels (starting with CEO). Also append the profiles of the personnel proposed as well as the roles and responsibilities of each.
- ix. Details of permissions, clearances and fulfillment of other statutory requirements for the projects, accompanied by a detailed note on plans for fulfillment of each.

7. Project Financials

- i. Capital cost estimation.
- ii. Operating and maintenance costs.
- iii. Financial indicators (NPV, IRR, Breakeven period by volumes).
- iv. Tariff plan & considerations.

8. Risk Impact Analysis

- i. Project Financial Viability and Going Concern viability analysis and details.
- ii. Business Sustainability Plan.
- iii. Risk Analysis (financial and business) for ICD, along with financial impact estimation of risk factors (upside and downside) like shift of trade, Increase in Rail freight etc.
- iv. Risk Mitigation Plan including costs associated with the individual plans.
- v. Detailed estimation of risk due to cost or time overruns for project implementation and mitigation plans for the same.

9. Environmental Impact Assessment

- i. Details regarding the Environment impact assessment including Mitigation, Monitoring, and Risk Assessment should be provided.
- ii. Details of proposed environment protection measures like management of runoff water from port premises by installing rainwater harvesting infrastructure, plan for generation of renewable energy by means of installation of solar panels on Warehouse, Admin building should be enclosed.
- iii. Mitigation measures for wastewater generated from container repair and washing activities especially of tank containers/ containers carrying hazardous commodities activities should be provided.

Checklist for the infrastructural requirements and regulations compliance

1. **Design and lay-out:** 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 consider initial volume of business, estimated volume in 10 years' horizon and the type of facilities traders would require. ICD /CFS facility shall have covered and open storage areas separated for import, export and transshipment, and for perishable goods, high-value cargoes and dangerous cargoes, including hazardous substances.
2. Port's layout defines the physical location of main facilities required to efficiently handle the incoming and outgoing traffic. Flexibility should be built in layout so that it can accommodate future changes and new development opportunities. Further, layout should offer flexibility to accommodate infrastructure requirements for supporting new reforms by CBIC.
3. All designs and construction shall detail and be compliant with rules of HCAAR, 2009 regarding the following but not limited to, wall specifications, transit/bonded warehouse, entry and exit gates, demarcated area for hazardous goods, lighting through high masts, demarcated areas for export and import, storage for fumigation and post fumigation and storage area for auction cargo.
4. **PGA office & Laboratory space:** Office and laboratory space for PGAs shall be provided at no cost to reduce the dwell time of export & imports. No charges including office rent, electricity charges should be billed to Public Government Agencies (PGA's) for their deployment. Alternatively, in case of a group of ICDs located in proximity of each other, a common testing facility may be considered for cost rationalization.
5. **Rail Linkage:** In case of rail linked ICDs, rail infrastructure provided inside a container depot should allow receipt and dispatch of full-length unit container trains running between a single origin and a single destination, without requiring to be broken up or remarshaled outside the ICD/CFS. Container Yard (CY) should be designed around rail access and not the reverse. Loading and unloading of trains would ideally take place in centrally located sidings comprising at least three tracks -loading, unloading and locomotive release. For a reach-stacker served facility, container stacks at the CY shall be located on either side of the tracks (to allow for separation of import and export containers and for loading and unloading on both sides at a time). Rail loading/unloading tracks shall be centrally located, permitting the operation of handling equipment on either side. The layout described above is only indicative of best practice. Additionally, all operational and other requirements as per extant rules of Indian Railways need to be complied with.
6. **Access Road/ Connection with State Highways or National Highways:** An

approach road of indicative 15 meters width with proper drainage on each side will be provided for the gate complex. If the entry & exit gates of the ICD are planned in vicinity of each other, then additional space to enable smooth flow of traffic will be factored into the design. Road connections to ICD/CFS will be via slip roads off local or national highway system. Road connections should be suitable for container and break-bulk trucks conveying containers or break-bulk cargo between cargo sources and the ICD/CFS port.

7. ***Design of access junctions:*** Access junctions are locations at which ICD site access roads meets the main roads. The design should cater for unhindered traffic flow even at peak capacity of the ICD.

8. ***CFS & Customs Examination Area:*** A critical function of CFS is to pack and unpack cargo into and from containers which are moved to and from the a. Keeping this in mind CFS facilities should be designed with container bays facing a raised loading/ unloading platform on one side and truck loading/ unloading bays on the other. Containers can be packed and unpacked by forklift trucks while still on their trailers. Similarly, break-bulk trucks can be loaded and unloaded from raised platform by smaller forklifts (having two-three-ton capacity). Area required for CFS may be calculated on basis of some proportion of loaded import and export containers in the CY moving through CFS. The customs examination area should be clearly marked, and no examination shall be permitted outside the marked area. The examination area shall be covered under a 24X7 CCTV surveillance system with strict access control.

9. ***DPD & DPE Area:*** Separate area for DPD & DPE containers as per land requirements of this policy should be provided in ICD. The nominated DPD & DPE area should have separate entry/exit gates with clear demarcation from customs notified area. Further, DPD & DPE traffic should not impact the regular ICD operations.

10. ***Truck Circulation Area:*** Efficient operation of ICD depends on unimpeded, circulation of trucks throughout the ICD area. An exception to this design requirement is an intersection with rail access line, which needs to be protected by automatic level crossing barriers and warning devices. Internal roads shall be constructed with indicative width of 15 meters, to allow handling equipment and trucks to pass safely.

11. ***Storage of Hazardous goods in warehouses:*** Hazardous goods warehouses must be sealed from all directions, i.e. in relation to the soil and groundwater, as well as in relation to the atmosphere. Leakages, for instance, are diverted into sumps from which the fluids can be removed by external pumps.

12. ***Storage of containers with Hazardous goods in yard:*** Storage space for minimum 50 TEUs should be marked, this yard location should have unhindered transportation access, round the clock monitoring, fire hydrant facility, fixed firefighting equipment & sensors to cater for gas leakage and fire detection capabilities. All regulatory approvals from State Pollution Control Board should be in place before handling, storage & Transportation of Hazardous goods within ICD premises.

13. ***Fumigation and post fumigated storage sites:*** Fumigation and post fumigation

storage sites shall be provided to enable Plant Quarantine authorities to carry out necessary checks for both imported / export goods.

14. **Marked Container repair yards& tank container cleaning stations:** The allied services of container repair stations, tank container cleaning stations should be clearly marked in the yard plan.

15. **Provision of space for installation of Container/Cargo scanners:** The custodian shall provide adequate and suitable land for installation of the scanner if necessary in future.

16. **Parking Space:** Ample parking space for trailers shall be provided in facility so that no road congestion is reported even at peak designed capacity of the ICD.

17. **Authorized Economic Operators (AEO) facilities:** Designated lanes /Priority at Entry/Exit gates, prioritized Cargo handling & Warehousing operations should be provided to AEO's. Special counter should be created in EXIM transactions cell for AEOs by Custodians. Further, AEO customer care representative should be appointed and displayed by Custodians.

18. **Gender Specific Facilities:** Custodians should create gender mainstreaming infrastructure including special Exim counters for female customs brokers/traders, separate workplace, customer care cells, essential utilities, restrooms etc.

19. Other essential infrastructure requirements

19.1. **Weighbridges:** Static weighbridges above 60 MT capacity should be installed in all facilities. These should always be remain calibrated & certified by respective states Weight & Measurement department.

19.2. **Fire Fighting Equipment:** Adequate firefighting equipment (Fire extinguishers/Water Hydrants) should be provided across customs notified area including Warehouse, CFS area, yard and entry/exit gates, weighbridges, container yard area, CFS area and at administrative building.

19.3. **High Masts:** Adequate numbers of 30 meters high mast lighting tower with LED flood light should be installed. The LED should have minimum lumen level of 20 lux in the ground up to 50 meters from center of high mast. Beam angle of luminaries/ lamps positioning must be suitable to cover illumination in ground as well as stored containers in the yard up to 16 meters high.

19.4. **Yard Paving:** Yard paving must utilize Pavement Quality Concrete grade of M40 or dry lean concrete with M30/M50 blocks or higher specification.

19.5. **CCTV Coverage:** The CCTV network should at minimum cover the ICD entry/ exit gates, warehouse gates, warehouse storage area, admin building entry points, commercial transaction area, container storage yard area and e-sealing work zones. CCTV equipment must have night vision recording capabilities. The system should have minimum capability to record & hold data for three months and 24x7 hours access and remote

monitoring facility shall be provided to Customs in addition to access within admin building of the ICD.

19.6. *Security Deployment:* The entry and exit gates, warehouses, admin building, Container yard to be adequately manned 24X7 as per the satisfaction of presiding customs authority.

19.7. *IT Infrastructure:* All IT infrastructure shall be provided and upgraded by custodians as prescribed by DG Systems.

19.8. *Custodian systems:* All container and cargo handling operations should be initiated and recorded through IT systems. All existing facilities shall be migrated to automated systems which will cover yard management, rail side operations, warehouse management. The system should be audit compliant and any information should be available to customs for minimum period of one year. No operational events e.g. job order generation shall be done manually. Custodians should digitize all its operations wherever possible with Government of India or its authorized e-platform like PCS 1x, while maintaining its commercial privacy.

19.9. *Container location:* All ICDs & CFSs shall have a container location tracking system and accurate information availability to all stakeholders through electronic or smart phone application interface. All events of physical movement of container shall be recorded and accessible to customs officer via such electronic interface.

19.10. *Access control:* Entry to the customs notified area shall be controlled by KYC based/ RFID enabled tags for all authorized personnel including customs, custodians, manual workmen, vehicle drivers etc. Entry/ exit data should always be electronically available to customs authorities.

19.11. *Handling equipment:* An applicant should propose most modern handling equipment for loading, unloading of containers from rail flats, chassis, their stacking, movement, cargo handling, stuffing/ de-stuffing, etc. Equipment must have a minimum residual life of 8 years duly certified by the Original Equipment Manufacturer or a recognized inspection agency.

19.12. For handling scrap cargo, provision of a compact track loader of reputed make in good working condition and equipped with a telescopic spreader for operations in both 20 ft and 40 ft boxes should be ensured.

19.13. An additional unit of equipment should be provided when the throughput exceeds 8,000 TEUs per annum or its multiples for lift truck-based operations. 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.

20. **Safety:** The design must prevent leakage into the environment in the event of an accident. It shall have provision for emergency services to reach the scene of the accident in an unhindered and safe manner. The roof, walls, foundations and doors must be resistant to fire and the stored substances must be separated by permanently installed

isolating bulkheads. Equipment must at the minimum cater for forced ventilation, fixed fire extinguishers, smoke and gas detection systems as well as explosion-proof devices.

21. **Air Freight Station:** AFS can be an independent unit or can exist within ICDs customs notified warehouse area. Detailed guidelines in respect of setting up of AFS facilities, have been issued by the Ministry of Civil Aviation and the same shall be complied with.

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

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