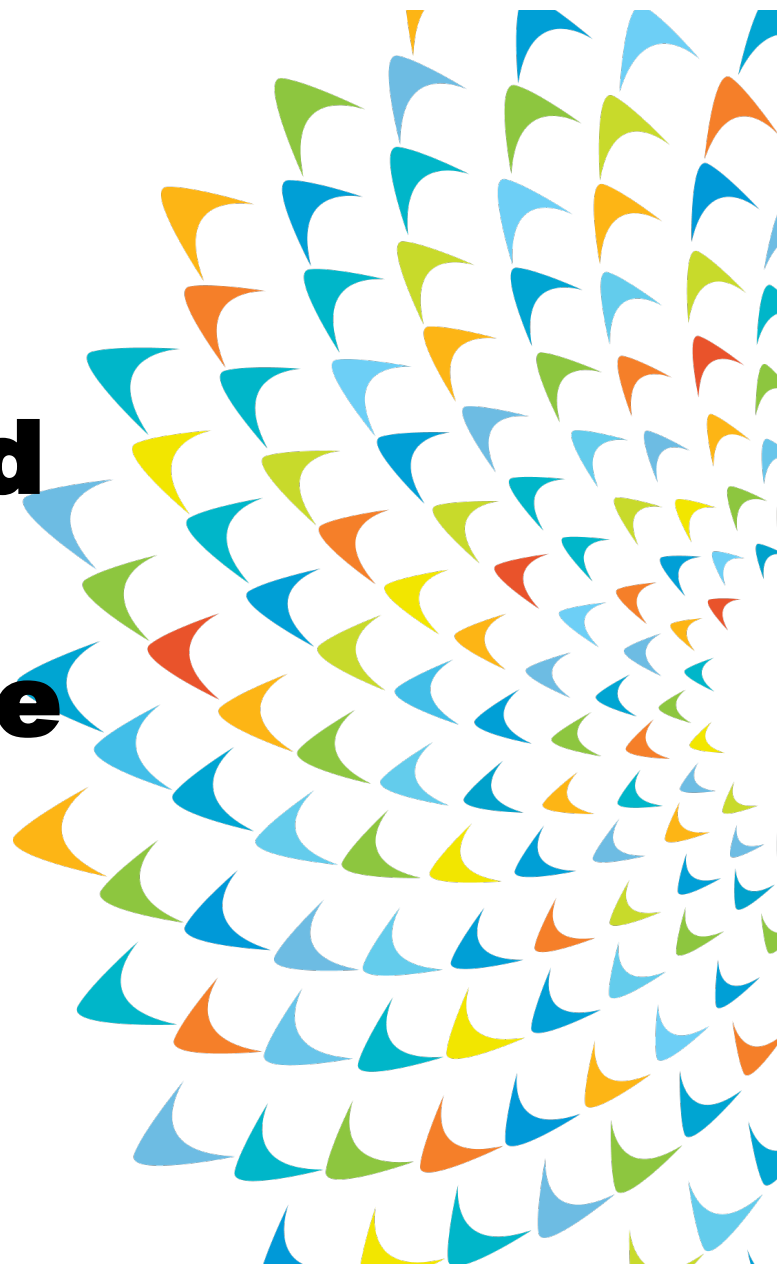




# **Transit Systems and Facilitation – SASEC Perspective**





# Freedom of Transit in GATT

## Article V

- *There shall be freedom of transit through the territory of each contracting party, via the routes most convenient for international transit, for traffic in transit to or from the territory of other parties.*

## Other conditions

- Equal treatment independent of a vessel's flag, origin, departure, destination or ownership of the goods or vessels;
- Most favoured nation treatment
- No unnecessary delays or restrictions to traffic in transit;
- No levy of Customs or transit duties and other transit-related charges; only reasonable administrative expenses entailed by transit, or costs of services rendered



# Transit requirement in South Asia

## Land locked regions

- Nepal
- Bhutan
- North Eastern region of India

## India's trade with

- Afghanistan
- Central Asia





# Transit Arrangements in SASEC

Between	Country of transit	Arrangement
Nepal - India	India	<ul style="list-style-type: none"><li>• Treaty of Transit</li><li>• Rail Services Agreement</li></ul>
Bhutan - India	India	<ul style="list-style-type: none"><li>• Agreement on Trade, Commerce &amp; Transit</li></ul>
Bangladesh - India	Bangladesh	<ul style="list-style-type: none"><li>• Inland Water Trade and Transit Agreement</li><li>• MoU on use of Chattogram/ Mongla ports</li></ul>

Transit arrangements between Bangladesh and Bhutan and Bangladesh and Nepal under consideration





# Basic Features of existing Transit arrangements

- Exemption from Customs duties/taxes on transit...only commercial charges payable
- Dedicated storage facilities at ports, where possible
- Multi-modal transport allowed (rail-road etc.)
- Importer/exporter to file transit declaration
  - Represented by Customs Brokers
- Pre-arrival filing and processing of declarations
- Legal Undertaking; security in select cases
- Customs sealing of consignments





## **Basic Features (contd.)**

- No physical examination of cargo at customs station of exit, if no breach found
- Release of guarantees/undertakings after reconciliation with Nepal/Bhutan Customs
- Time lines for monitoring completion of transit
- Cooperation in investigations and recovery of dues with destination countries





# Scope for Improvements

- Manual process
- Excessive documentation
- Delay in discharge of bonds
- Inadequate security
- One Time Seals used
- Sealing cannot be monitored *en route*
- No alert on route deviation
- No visibility of container movement

Fasten high security bolt seal here

C. T. D. No. .... Date .....

Original / Duplicate / Triplicate / Quarduplicate / Quintuplicate  
**CUSTOM TRANSIT DECLARATION (EXPORT)**

Export (Name & Address)	<b>VERIFICATION</b> I have verified that the goods specified in this declaration and of the quantity & value specified here in have been permitted to be exported by Govt. of Nepal under Licence No. and date as indicated below. I also certify that the goods being Exported are produce of Nepal		
Consignee	C. T. D. No. BRG/ ..... Date:.....		
Notify or Delivery Address	Govt. of Nepal's Export Licence No. & Date/LC No.		
Indian Custom Office of Entry Raxaul	Country of Origin Nepal	Country of which consigned	
Name of vessel	Shipping Agent:		
	Rotation No .....	Invoice No .....	
	Date .....	Certificate of Origin No .....	
	Date .....		
Marks & serial Nos. of Pkgs.	No. & Description of Pkgs. Description of Goods	Quantity / Sq. m.	Value/US \$
		WT.	
Endorsement by Indian Customs Office on Entry Certified that the necessary checks have been made in terms of the provisions of the export procedure to the Treaty of trade & Transit between Govt. of India and Govt. of Nepal 1971. Goods specified here in allow to move to Calcutta port without sealing/duly sealed. CONTAINER TRUCK NO. .... LOCKED WITH LOCK & KEY		<b>DECLARATION</b> "We declare that the goods entered here in are not of Indian origin, are for export from Nepal to third countries, Other than India, and shall not be diverted en-route to India or retained in India." "We declare that all the entries made above are true and correct to the best of my/our knowledge & belief."	

Endorsement by Customs Office on Entry



# India – Nepal Pilot for Transit Cargo

## Modalities (Phase I)

- Coverage - Nepal's imports, exports and return of empty containers
- Managed Service Provider
- User fee
- Liberalized transit system

- Pilot facilitated by ADB
- Use of high security electronic seals with GNSS facility

## Simplifications

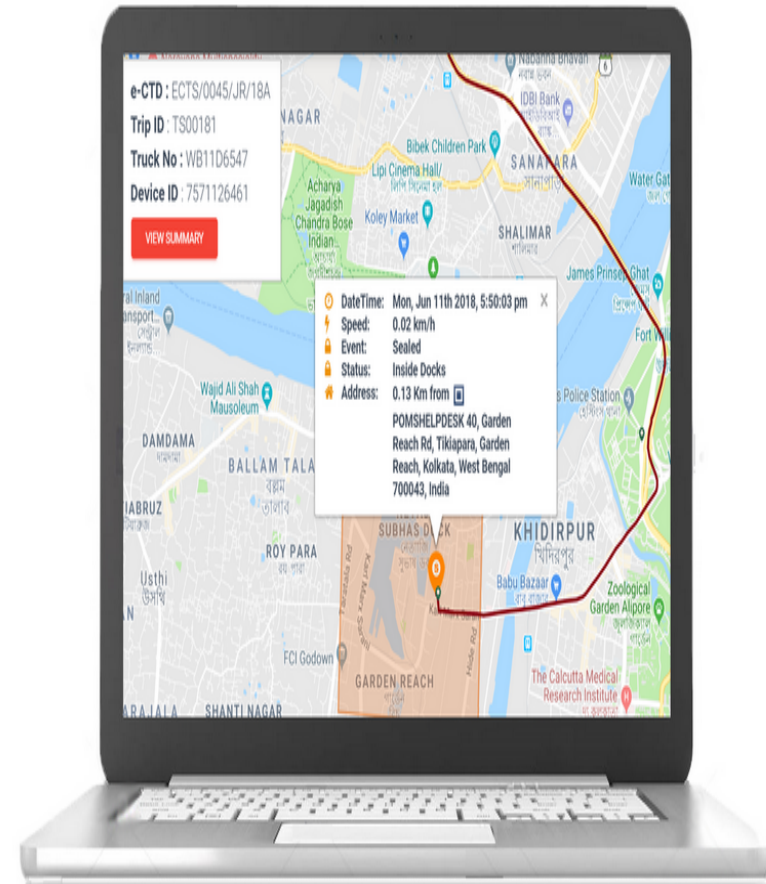
- Reduced documentation
- Process Automation
- Waiver of guarantees
- Automatic discharge of undertaking





# Use of Technology

- E-Seals with tracking facility
- Web application with –
  - Provision for filing declaration & supporting documents, scrutiny and approval by customs
  - Dashboards for Customs officers and private sector
  - Tracking facility for regulators and other stakeholders (as per access privileges granted).
  - Return tracking of containers to the shipping line yards
  - Fee payment facility for use of ECTS





# Improved Solution (Phase II)

- Shipping line files Manifest
- Permission to move transit cargo given by Customs
- Carrier undertakes secure movement of cargo to Nepal
- Nepal trader does not need to do any compliance activity in India
  - No need for declaration filing, consulate letter, undertaking  
No need to appoint customs broker or engage transporter
  - Not concerned with repositioning of empty container
- Facility of tracking/cargo security
- Automatic discharge on crossing the border

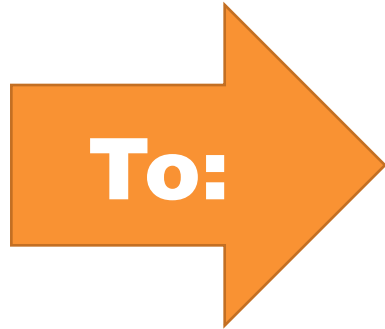




# Transit reformed

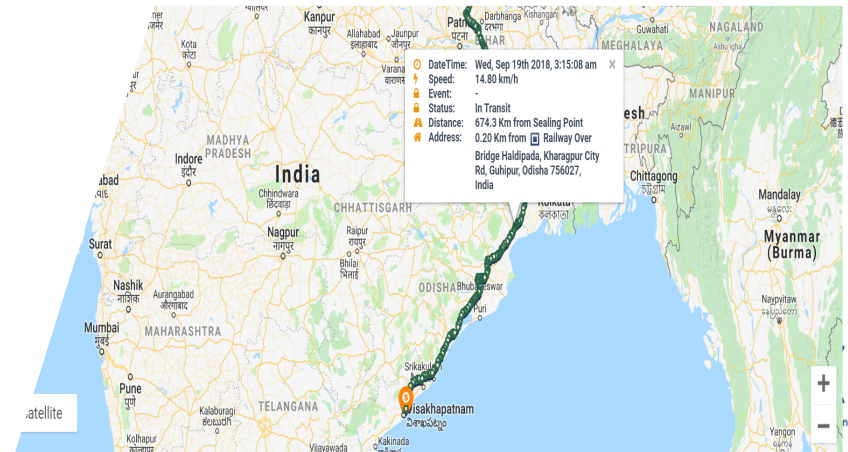
## From:

- Manual process
- Excessive documentation
- Delay in discharge of bonds
- Lack of visibility
- Inadequate security and monitoring capability



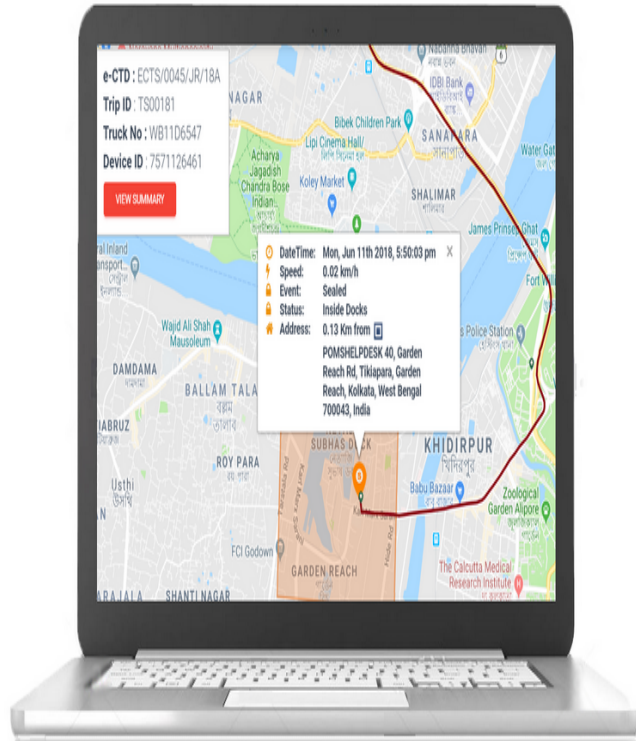
To:

- Automated process
- Digital uploads
- Automatic discharge of bonds
- Shipment visibility
- High security and real time monitoring





# Technology driven Transit facilitation



**REFORMS AND  
SIMPLIFICATION**



**VISIBILITY**



**ANALYTICS**



# Roles of Stakeholders – Earlier

Agency	Activity
Shipping Company	Files Manifest; issues delivery order
Consulate of Nepal	Issues letter to Indian Customs
Nepal Importer (rep. by Customs Broker)	Files CTD along with invoice, packing list, import license etc.; gives undertaking; container re-positioning
Transporter	No regulatory responsibility
Customs	<ul style="list-style-type: none"><li>• Declaration scrutiny; duty computation;</li><li>• Seal affixation and removal</li><li>• Discharge of bond/insurance policy</li></ul>



# Role of Stakeholders – Now

Agency	Activity
Shipping Company	Files IGM; <b>files application for transshipment and gets approval;</b> issues delivery order in Nepal
Consulate of Nepal	
Nepal Importer (rep. by Customs Broker)	
Transporter	Furnish bond/security for secure movement of cargo through Indian territory
Customs	<ul style="list-style-type: none"><li>• <b>Permission based on Manifest</b></li><li>• Seal affixation and removal</li><li>• Discharge of bond</li></ul>



# Outcomes reported

## Nepal importers hail Electronic cargo tracking system

THE HANS INDIA | Dec 13, 2018, 12:11 AM IST

A A A

Answer Few Questions & get assured ₹200 Paytm\* [Click Here](#)



Nepal importers hail Electronic cargo tracking system

**Visakhapatnam:** Against the backdrop of ongoing transshipment of Nepal bound containers from Visakhapatnam port to Nepal, the Nepal Ambassador to India, Bharat

## Visakhapatnam port first to start simplified cargo shipment between India and Nepal

TNN | Aug 29, 2018, 13:58 IST

✉ 🖨 A- A+



VISAKHAPATNAM: The first batch of container goods to Birgunj in Nepal was flagged off

### Savings

- in terms of time – improvement of 50%
- no role for intermediaries; no hidden charges; and
- fully transparent process





# Analytics



<b>Sealing Time</b>	28/08/16 17:16
<b>Trip Start Time</b>	28/08/16 21:02
<b>Trip End Time</b>	05/09/16 05:57
<b>Unsealing Time</b>	05/09/16 11:18
<b>Total Time including stoppage</b>	186 hr 02 min
<b>Total Stoppage Time</b>	138 hr 39 min
<b>Total Journey Time</b>	47 hr 22 min
<b>Total Distance</b>	1639.7 km
<b>Average Speed (Sealing to Unsealing)</b>	8.81 kmph
<b>Average Speed (Trip Start to End)</b>	11.83 kmph
<b>Average Speed (Actual Journey)</b>	36.6 kmph

Average Speed (kmph)	0-9	10-19	20-29	30-39	40-49	50-59	60-69	70-79	80-89
No of Hours driven (hh:mm)	8:20	6:00	5:40	6:40	7:40	4:40	6:40	1:00	0:20







# Benefits

- 'Live 'alerts in case of frauds and exceptions
- Better control and security
- Better revenue security
- Faster release of transit cargo
- Reduced transaction costs
- Decongestion of border points
- Visibility of cargo/conveyance/ container movement





# Piloting Transit Facilitation – Experiences and Challenges

- Fulfilling compliance requirements by Nepal traders in country of transit (India)
- Role of intermediaries and logistics operators
- Congestion in transport network





# ECTS Application – Experiences and Challenges

- Technical design.
- User Fee
- Providing Facilitative provisions
- Providing Value added features
- Advocacy to encourage greater participation
- Dealing with exceptions
- Change management





# Technical Specifications

## Global Navigation Satellite System

### General

- Capable of reporting data and receiving queries from monitoring platform
- Built-in antenna capable of receiving 66 channels

### Receiver Sensitivity & Accuracy

- Receiver sensitivity of GNSS module should be below or equal to -120dBm
- Position error shall not exceed 10 meters at 95 percent confidence level

### Refresh rate

- Refreshing and submitting position data to the information platform at intervals of every 5 minutes or less

### Time to First Fix (TTFT)

- Cold start: Computation of position fix shall be completed within 120 seconds after power on.\*
  - Hot start: Computation of position fix shall be completed within 30 seconds.\*
- (\*Under normal operating conditions.)

# Way forward

Transforming  
transport  
networks into  
successful  
economic  
corridors

Formalising the pilot processes

Automated and paperless business  
processes

Enhancing security of supply chain

Facilitating multi-modal logistics chains

Improving border infrastructure

Full-fledged implementation of Article 11 of  
WTO TFA on Transit

Implementation of through-transport  
agreements



**SASEC**  
South Asia Subregional Economic Cooperation

**Thank you.**

