

## Setting up of ICDs/CFSs

With the liberalization of Indian economy, last few years have seen considerable growth in import and export volumes. With the new modes of transportation and increase in international trade and containerisation, the ports were getting congested. Further, with widespread industrialization and economic growth, the imports for use in hinterland and exports originating from there have increased over time. It was difficult for importers or exporters based in the hinterland, to come to a gateway port for clearance of imported or export goods. With the development of multi-modal transport system with its stress on greater facilitation to importers/exporters, a need was felt to develop Inland Container Depots (ICDs) or Container Freight Stations (CFSs). These were to essentially function like a dry port. These ICDs/CFSs were to function as common user facilities offering all the services for Customs clearance like any other port.

2. An Inland Container Depot (ICD)/ Container Freight Station (CFS) 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 transit by any applicable mode of transport placed under Customs control. 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, take place from such stations."*

3. To monitor the growth of ICDs/CFSs, a regulatory authority in the form of an Inter-Ministerial Committee (IMC) under the chairmanship of the Additional Secretary (Infrastructure), Ministry of Commerce, has been set up. It comprises representatives from the Department of Revenue, Ministry of Surface Transport, Ministry of Railways and the Ministry of Commerce. The Committee considers the proposals submitted by Public Sector as well as Private Sector entrepreneurs for setting up of new ICDs/CFSs at different centres in the country and monitors their progress. There were about 30 ICDs/CFS prior to constitution of the IMC. After its constitution in the year 1992, the IMC has approved about 135 ICDs/CFS and out of total 165 ICDs/CFSs, about 100 are reported to be already in operation and others are in pipe line.

## **Distinction between ICD & CFS**

4. An ICD is a place where containers are aggregated for onward movement to or from the ports whereas CFS is a place where containers are stuffed, unstuffed and aggregation/segregation of cargo takes place. ICDs are normally located outside the port towns whereas no site restrictions apply to CFS. An ICD may have a CFS attached to it. CFS is treated as an extension of a port/ICD/air-cargo complex.

## **Existing Guidelines for approval of ICD/CFS**

5. The proposal for setting up of ICDs/CFSs are examined by the IMC on the basis of following guidelines:

(a) Feasibility report: A survey/feasibility study must precede the setting up of ICDs/CFSs and copy of the report should invariably accompany the application for setting up such a facility. The facility has to be economically viable for the management and attractive to users, to the railways for full train movements; and to other transport operators; shipping lines; freight forwarders, etc.

In the background of growing international trade, the infrastructure facilities have to precede the actual generation of demand. This is particularly important, as such facilities have a long gestation period for being fully operationalised. For approval of an ICD/CFS, following minimum level of traffic volume is prescribed:

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

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

(b) Land requirements: For the ICDs/CFSs proposed to be set up outside limits of major cities, a minimum of 3 acres of land is required and for such facilities inside city limits /port area, a minimum area of 1 acre (about 4500 sq. mts) is required.

(c) Design and Lay-out of ICD/CFS: The design and lay-out should be the most modern & state-of the-art, equipped with mechanical/electrical facilities of international standards. The lay-out should allow smooth flow of containers, cargo and vehicles through the ICD/CFS and it should take into account initial volume of business, estimated volume in 10 years and the type of facilities exporters would require.

(d) Equipping the ICD/CFS: The ICD/CFS should plan for the most modern handling equipment for loading, unloading of containers from rail flats, chassis, their stacking, movement, cargo handling, stuffing/de-stuffing, etc.

(e) Rail head ICDs: The parties desirous of setting up a rail based ICD, have 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.

(f) Tariff :Tariff structure and costing is to be worked out as a part of the feasibility study .

(g) General: The main function of an ICD/CFS being receipt, despatch and clearance of containerised 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, de-stuffing area etc.) should have upto date, and where possible online information about all the containers etc., to meet the requirements of customers, administration, railways etc.

### **Procedure for approval of ICD**

6.(a) Application (8 copies) in prescribed form along with the copies of feasibility reports mentioned above are to be submitted to the Infrastructure Division in the Ministry of Commerce, Udyog Bhavan, New Delhi. The applicant should send a separate copy of application to the jurisdictional Commissioner of Customs. The Commissioner of Customs is expected to examine the proposal on the basis of guidelines and send his comments to the Central Board of Excise & Customs, North Block, New Delhi within 30 days.

(b) On receipt of the proposal, the Ministry of Commerce sends a copy of proposal to each of the IMC members. The proposals are then discussed in the IMC meeting.

(c) The proposals for setting up of ICD/CFS is considered on the basis of prescribed guidelines and cleared on merits by the IMC

(d) On acceptance of a proposal by the IMSC, a letter of intent is issued to the applicant by the Ministry of Commerce.

(e) The applicant is required to set up the infrastructure within one year from the date of approval. The time period of one year can be extended by another 6 months by the Ministry of Commerce. A request for extension beyond 6 months needs approval from IMC.

(f) After issuance of letter of intent, the facility is notified as an ICD under section 7 (aa) of the Customs Act, 1962 by the Department of Revenue. In case of CFSs which are considered as extension of ports/ICDs/air-cargo complexes, notification under section 7(aa) is not required.

(g) Once required infrastructure for an ICD/CFS is developed, a notification under section 8 of the Customs Act declaring the facility as a custom area is issued by the jurisdictional Commissioner of Customs. The operators of the ICDs/CFSs are appointed custodians under section 45 of the Customs Act, 1962, provided they satisfy the conditions relating to development of infrastructure & facilities and furnish bonds and securities as laid down for such purpose in the CBEC Circular No.128/95-Cus., dated 14.12.95. Custodians are responsible for safety and security of the goods stored in their ICD/CFS.

### **Posting of Customs officers on cost recovery basis**

7. For the purpose of Customs clearance at the ICDs/CFSs, Customs staff is provided at the ICD/CFS on cost recovery basis. The sanction for posting of officers is issued by the Administrative Wing of the Central Board of Excise & Customs. The custodians are required to pay @ 185% of total salary of officers actually posted at the ICD/CFS. Normally, 13 officers (1 Assistant/Deputy Commissioner, 2 Appraisers, 2 Inspectors, 2 UDCs, 2 LDCs, 4 Sepoys) are posted at an ICD/CFS having both import and export. The ICD/CFS having only export is given 7 officers (1 Assistant/Deputy Commissioner, 1 Appraiser, 1 Inspector, 1 UDC, 1 LDC, 2 Sepoys).

8. In the initial stages of operations of an ICD/CFS, due to less volume of trade, full strength of the officers may not be required. In such a situation, if the custodian requests, the Commissioner of Customs may, after due consideration post the officers in less than the sanctioned strength in the said ICD/CFS. Gradually, when the business picks up at the ICD, the full contingent of staff may be posted. The Commissioner of Customs also would accept the deposit of advance cost recovery charges for three months for the number of staff which will be actually posted in an ICD/CFS.

(Reference instructions issued vide letter F.No.434/12/92-Cus.IV, dated 5.6.92, **Circulars No.128/95-Cus.**, dated 14.12.95, 133/95-Cus., dated 22.12.95, 52/97-Cus., dated 17.10.97 and 80/98-Cus., dated 26.10.98)

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