

Indian Customs Clearance in Six Minutes: Fact Not Fiction!

Why Information Technology is at the root of successful EXIM businesses

Fore Thought

Quite contrary to the popular notion, if your cargo is compliant with all pertinent regulations, the process of customs assessment takes six minutes flat!

Sounds improbable? Then, think again...Forward thinking logistics providers are turning to IT in their quest for faster returns and to be more competitive in the marketplace.

Customs: A brief primer

Customs, a fundamental component of the supply chain process, plays a key role in the supervision and management of international trade. Over the past decade, the responsibilities of customs have been significantly modified and expanded. A rapid increase in the volume of international trade meant that customs must process more shipments in the same amount of time. At the same time, a heightened focus on security has forced customs to balance the two (sometimes paradoxical!) functions of control and trade facilitation.

Documentation and procedures in custom clearances have been much the same for decades. Not only are they time consuming, but also absorb substantial man hours and expenses. The scope for errors, omissions and subsequent delays looms large even after such mammoth investments. As the marketplace continues to explode, delays in customs can wreak havoc with your inventory, negating many of the benefits of faster transit times.

In order to meet these increasing demands, customs agencies, like many other government and private sector entities, have turned to information and communications technology (ICT). Over the past decade the trend has been towards automation and standardization of customs procedures.

Information Technology (IT): lower error rates and greater compliance

At the epicentre of the India's customs landscape today is its e-initiative. ICEGATE - Indian Customs and Central Excise Electronic Commerce / Electronic Data Interchange (EC / EDI) gateway , providing online documentation (e-filing) services to trading partners such as custom house agents, cargo carriers, banks and other enterprise clients.

The move towards computerization of Customs procedures was instigated to eliminate redundant processes, decrease the reliance on cumbersome paper documents, speed up processing times, and create international standards for data. While conventional clearance of import and export goods used paper-based manual procedures, adding as much as 10% to the product cost, automated cargo clearance slashed turnaround time and costs and streamlined documentation and compliance processes.



Indian customs also boasts of a computerised Risk Management System (RMS), complementing a self-assessment system, in a comprehensive manner. The system cuts down cargo clearance time by one-third, bringing big smiles on the faces of importers who benefit by saving money too on account of quicker clearances. At the same time, the RMS envisages interdiction of cargo that is potentially non compliant.

Automated customs procedures have thus reduced the contact points and speeded up cargo clearance considerably.

IT solutions for clearing and forwarding services: automation in times of accelerated change

With automation of customs procedures, customs house agents (CHAs) and other players in the customs clearance ecosystem are evolving to offer efficient and quicker services.

Tailor-made pioneering solutions enable CHAs, Importers and Exporters to meet all statutory requirements related to Indian customs with ease and speed. With online filing a reality, documents can be filed online with the customs, for any port on ICEGATE.

Customs clearance software is a compelling need to handle Imports and Exports efficiently. Such software should be adept in applying the right duties, right notifications and correct calculations of duties.

These software works in real-time, where a lot of tracking details are generated (like ready-for-duty payment, ready-for-shipment, on-board-a-vessel, under trans-shipment). Real time updates corresponding to changes in customs regulations ensure that users are always assured of compliance. The dynamic nature of these software allow for incorporation of regulatory changes as and when required.

Modern day software can also keep the customer informed about the status of the cargo or requirements of funds and documents. The software manages this online, allowing the customer to check on it anytime, anywhere.

Softlink's Cargo Clearance Software: Brewing the right solution

A vast repertoire of software solutions for Exporters, Importers, Freight Forwarders, Custom Brokers, Logistics Companies etc, gave Softlink the leading edge in developing 'Visual IMPEX', an intuitive solution for Customs House Agents and importers, to manage all customs related procedures and documentation to meet the complex requirements of Indian customs. India's largest selling software for CHAs, Visual IMPEX accounts for at least 70 per cent of documents submitted online with the Indian Customs.

Developed using state of art technology, the features and functionalities of Visual IMPEX cater to the customs clearing and forwarding community. It files all kinds of bills of entry and shipping bills via ICEGATE; prints manual bills of entry, manual shipping bills and EDI annexures; reads all messages received from ICEGATE and transfers them to database; generates all statutory documents, reports and registers; maintains status of jobs being handled; and prints bills of lading. In case of a regulatory amendment at the customs, real time updates are made in the software and customers are duly notified, ensuring that users are always assured of compliance.

How does the software work?

Once the consignment is classified as per international norms and the nomenclature or the number is provided, the software automatically applies all relevant duty structures and notifications on the



shipment and the calculations are done accordingly. The presence of wide variety of duties makes these calculations indeed very complex. For instance India has almost 8-10 different type of duties. Imagine the scope for inaccuracies when done manually!

The document is then filed online and the Bills of Entry or Shipping Bill number is allocated subsequently.

Softlink's Visual Akash manages Air Freight forwarding operations with ease and speed while Visual Samudra is widely used in managing Sea Freight forwarding.

In addition to these Visual Accounts is a specialised financial accounting software especially mapped to the complex accounting needs of logistics industry.

Conclusion

When IT is viewed as a strategic resource and is managed with insight and creativity, a company can create and seize significant opportunities before rivals move in. That aspiration is influencing the way IT value is perceived, assessed and captured among large companies worldwide. The 2008 Logistics Technology Report reveals that 88% of supply chain and logistics executives plan to increase or maintain their investment in supply chain technologies, even if they do not predict business growth next year.

The benefits of automation and computerization can be significant, and can be felt in practically every area of International trade, from customs to the clearance network. Quite naturally then, if the cargo complies with all the requirements (right from the time the bill of entry is filed to the assessment), the entire process takes six minutes flat!

References: Internet and third party reports.