Circular No. 14/2016-Cus., dated 27-04-2016

F. No. 450/183/2014-CusIV
Government of India
Ministry of Finance
(Department of Revenue)
Central Board of Excise & Customs

227B, North Block, New Delhi,
dated the 27th April, 2016

To,

All Principal Chief Commissioners/Chief Commissioners of Customs/Customs (Preventive)
All Principal Chief Commissioners/Chief Commissioners of Customs & Central Excise
All Principal Commissioners/Commissioners of Customs/Customs (Preventive)
All Principal Commissioners/Commissioners of Customs & Central Excise

Subject: Carriage of coastal cargo from one Indian port to another port in vessels carrying out coastal runs- reg.

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Government vide notification No. 43/97-cus dated 11.9.97 has exempted vessels carrying exclusively coastal goods from the provisions of section 92, section 93, section 94, section 97 and sub-section (1) of the section 98 of the said Act. Further vide notification No. 15/98-Cus dated 27.2.98 vessels carrying exclusively coastal goods have been exempted from the delivery of the advice book on arrival at each port of call to the proper officer.

2. Further vide Circular No. 40/97-Cus dated 19.9.97, Board had clarified that the relaxations are applicable to the vessels which exclusively carry coastal goods and ply as coastal vessels. It will not be applicable for vessels which convert the status from foreign run to coastal run and *vice versa*. The loading and unloading operation by coastal vessels must take place at separate and exclusive berths in the ports where both coastal and foreign traffic is handled. The provisions of Sections 95, 96 and 98(2) will also remain operative in case of such vessels. In terms of Section 95, the master of vessels is required to maintain "advice book" and the proper officer of customs can inspect the book and make entries as deems fit, relating to goods loaded at the port.

3. Subsequent to above, references have been received to the effect that the present procedure governing the movement of coastal goods is restrictive. It was opined that there is a need to relax the procedure further so as to facilitate faster movement of the coastal goods. This will bring down the transaction cost and also give fillip to the developmental activities in the coastal cities. Further, Ministry of Shipping has also informed that the cabotage restrictions have been relaxed to encourage movement of coastal goods. Vessels like RoRo (Roll on Roll off), PCC (Pure Car Carriers), Pure Car and Truck Carriers (PCTC), LNG vessels, Over-Dimensional Cargo or Project Cargo carriers etc are covered under the new relaxed policy guidelines for a

period of five years i.e. up to 1st September 2020.

4. The issue has been examined by the Board and it has been decided to carry out further simplification as under:

a. All Coastal Vessels carrying exclusively coastal goods and operating from coastal or EXIM berths shall be exempted from the provisions of Section 92, 93, 94, 95, 97 and sub-section (1) of section 98 of the Customs Act, 1962. The exemption from the provisions of section 95 was not available earlier. A new notification No. 56/2016-Cus (N.T.) dated the 27th April 2016 has been issued in this regard.

b. (i) In the case of coastal vessels loading or unloading coastal goods at EXIM berths, provisions of sections 30 & 41 of the Customs Act, 1962 have been made applicable. A new format for filing a coastal manifest in respect of such vessels has been notified vide notification No. 57/2016-Cus (N.T.) dated the 27th April 2016. The Master of the vessel or his agent shall submit as prescribed in notification No. 57/2016-Cus (N.T.) dated the 27th April 2016:

(a) a coastal arrival manifest for the goods which are unloaded or meant to be carried forward to other destination ports

(b) coastal departure manifest for the goods loaded including goods on board for other destinations

(ii) The arrival and departure coastal manifests shall be prepared in duplicate. The original shall be submitted to the proper officer and duplicate would be retained by the Master of the vessel or his agent. The arrival manifest is submitted before the arrival of the vessel and the departure manifest is submitted before the departure of the vessel.

5. The revised procedure shall apply to Indian vessels, Indian flag foreign vessels or foreign vessels eligible for cabotage relaxation vide No. SR 14020/5/2009-MG/CS/-Vol.VII dated 2.9.15 issued by the Ministry of Shipping.

6. In the case of cabotage covered foreign vessels, the relaxation shall be co-terminous with the said order of the Ministry of Shipping.

7. The container carrying coastal goods shall be clearly marked with the words "***For coastal Carriage Only***" on all sides. There shall be no examination of the coastal goods, the container shall be sealed with tamper proof one time bottle seal and then the same can be loaded on to the vessel.

8. Non-containerised cargo shall also be allowed to be loaded on to the vessel provided it is clearly marked on the packing 'For Coastal Carriage Only' to make it easily identifiable.

9. The preventive officers with the prior approval of Additional Commissioner/ Joint Commissioner (preventive wing) may from time to time carry out random checks so as to ensure that no export goods or imported goods are inadvertently or by intention loaded onto such coastal vessels.

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10. Circular No. 40/97-Cus is hereby withdrawn. The existing procedure stipulated in Circular No. 15/2002-Cus insofar as the vessels carrying both EXIM and coastal cargo shall continue to be followed.

11. Difficulties, if any, in implementation of these instructions, may be brought to the notice of the Board.

Yours faithfully

Zubair Riaz

(Zubair Riaz)
Director (Customs)

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