Circular No. 133/95-Cus.
dated 22/12/95

F.No. 434/ 54/95- Cus. (IV)

Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise & Customs, New Delhi

Subject: Simplification of the procedure for setting up ICDs and CFSs Regarding.

I am directed to refer to the various instructions and circulars issued from time to time regarding setting up of ICDs / CFSs by the Public Sector Undertakings as well as by the Private Sector Undertakings. In view of growing demand for setting ICDs /CFSs in hinterland and to keep pace with fast growing import / export, it has been decided to simplify the procedure for setting up ICDs/ CFSs

2. The Container Freight Station (CFS) is not a Customs Station but it is to be declared as a Customs area under Section 8 of the Customs Act by the Commissioners of Customs concerned. Normally, every CFS is located in a Customs station or is an adjunct to a Customs station. C.F.S. may handle exclusively export cargo or import cargo or both. Generally, CFS is taken to be an extended arm of the Port/ ICD/ ACC. Depending upon its importance and volume of work it handles, it functions like a full-fledged Customs station wherein the admission, processing and completion of all customs procedures are done. Alternatively, the processing of the Customs clearance documents is done in the Customs House and the CFS functions like 'Dock' where the examination and sealing of export cargo or examination and customs clearance of import cargo is done. Thus, depending upon the location, workload and other related factors, Commissioners of Customs can devise the Customs work in such CFS.

3. Commissioners of Customs are authorised to notify a CFS as a Customs area under Section 8 of the Customs Act in any place declared by the central Government as a Customs station under Section 7 of the Customs Act. However, before declaring a CFS, the Commissioners may assess the requirements of such facility in each Port/ ICD/ ACC for creation of such additional Customs area (CFS). If need be, the the Commissioners may discuss such feasibility in the Regional Advisory Committee Meetings or meetings with the Trade. Commissioners are advised, however before notifying any new C.F.S. as Customs area in a Customs Station, they should call for the proposals by wide publicity and grant such facility only after fully satisfying themselves on the need, security, credibility of the persons concerned, suitability of the condition and other details of the applicant.

4. Proposals for CFS are also CFS are also processed in the Ministry of Commerce when applicants make proposals to the Ministry. As and when such proposals are cleared and communicated to the Board, Commissioners are required to notify it under Section 8 of the Customs Act, as early as possible, after ensuring suitability and other criteria for such declaration.

5. Notifying a CFS as a Customs Area need not be restricted to Public Sector of Joint Sector units. Proposals from private sector could also be considered on merits, taking into account the Government policy of opening of CFS.

6. Before Notifying such Customs area, the following guidelines may kindly be noted.

a. There should be judicious mix of Public Sector Undertakings and Private Sector Undertakings to provide an element of healthy competition leading to greater efficiency and cost effectiveness in management and operation of such ICDs/ CFSs.

b. If at any station PSU has already been appointed as a custodian to operate a CFS/ICD, the next f facility may be given to a joint sector/ Private Sector and vice versa.

c. The verification of financial standing and antecedents of the organisation may be done in the same manner as has been prescribed for private bonded warehouses by the Board vide its circular No. 68/95- dated 15.6.95 and 19/95 dated 20.9.95.

d. The selection of custodians to operate CFS /ICD may be made by the Commissioner stationed at the city in consultation with Regional office of DRI, and by constituting a committee of officers from the Commissionerate and or from the trade and other interests.

e. The guidelines on the undertaking to be given by the Custodians to set up and operate ICDs/ CFSs are issued vide Circular No. 128/95 dated 14.12.95 from Board's F.No. 434/ 12/ 92- Cus.IV.

f. To project an image of fairness, the Commissioner may invite request for opening CFS / ICD through a Public Notice.

g. The Commissioner may dispose of the case of Public Sector Undertakings themselves and the cases of Private Sector after confirmation by a Committee to be constituted as indicated above.

7. The application format and other details in this case will be same as contained in Board's earlier letter No. 434/ 12/ 92-Cus. IV dated 5.6.1992. However in such cases, the proposal may be entertained directly by Commissioner of Customs/ Central Excise instead of making a reference to Inter- ministerial Committee set up in Ministry of Commerce.

8. These instructions supersede all instructions issued on the subject earlier, which are not in conformity with the instructions contained in this Circular.

Sd/-
(Vijay Kumar)
Under Secretary to the Government of India

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