

Direct Port Delivery (DPD)



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Direct Port Delivery (DPD)

DPD is an innovative scheme, introduced at JNCH and replicated at other CFS-based ports in India by CBIC in September, 2019. This initiative has transformed the process of cargo clearance, by allowing the facilitated consignments to be given 'out of charge' directly from the terminal premises, thereby eliminating the requirement of containers being moved to CFSs for completing customs formalities before grant of 'out of charge'.

DPD has been a major factor in improving ease of doing business, trade facilitation and reduction in cargo release time, since it reduces unnecessary transport to and handling of containers at the CFS, thereby resulting in substantial savings in cost of clearance as well.

With effect from 15.07.2021, enhanced DPD as a result of shift from entity based DPD to a Bill of Entry based DPD due to the enhanced levels of Facilitation. This is expected to broaden the eligibility and leading to further reduction in dwell time.

Background

Jawaharlal Nehru Custom House (JNCH) is the premier Custom House in the country handling more than 60% containerized cargo of the Nation. The containers after offloading at JN Port used to be shifted to Container Freight Stations (CFSs) for Customs clearance before delivery to the Importers.

There are about 35 CFSs located in the radius of approx. 20 km of the Port. The time taken was 8-10 days on an average due to the need for moving the container from terminal to CFS for clearance. This has additional costs of transportation, ground rent and other charges at the CFSs. Most times, the choice of CFS was with the shipping line and not with the importer. With enhanced RMS (Risk Management System), physical checking of the cargo getting substantially reduced, need for moving the cargo to the CFS resulted in additional costs and avoidable delay.

Challenges/ Resistances faced

- I. Apprehension of losing business by CFSs and labourers were resolved by sensitization about increase in business due to more traffic at Port on account of reduced Turn Around Time (TAT).
- II. Some part of their CFS were converted into warehouse and DPD area to hold the goods after Customs Clearance which proved profitable for CFSs.

- III. Writ Petitions were filed by CFS association and Shipping Lines in Bombay High Court but the Hon'ble Court upheld the Department's stand taken in public interest.
- IV. Initially, importers had to be pursued through outreach programmes to convince them about the benefits of the scheme.

Implementation

DPD Scheme has been expanded to all the Ports and eligibility has been prescribed by Circular. The Eligibility has been modified.

Advantages

- I. Reduced transaction Cost
- II. Shorter dwell time
- III. Exports are made competitive

As per estimates, approximately Rs 8,000 to Rs. 10,000 are being saved as transaction cost per container besides reduction of dwell time to around 1-2 days from earlier 8 to 10 days.

Impact and conclusion

As per latest estimates (till September 2021), the number of importers registered for DPD and the percentage utilisation in terms of TEUs for Major ports are as follows

Ports	No. of importers taken DPD registration with Port	DPD Utilisation as percentage (%) of total TEUs cleared in previous month
Chennai	460	32
JNCH	3877	63

Other ports under Customs zones such as Kolkata, Ahmedabad, Trichy (Prev.), Thiruvananthapuram are also showing increasing utilisation of DPD.

As such DPD has been instrumental in being one of the prominent reforms in Customs clearances process in recent years and for significant improvements in the Trading Across Border component of the World Bank's Ease of Doing Business.