

**Circular No. 20/2024-Customs
File No. 520/32/2022-Cus-VI**

Government of India
Ministry of Finance
Department of Revenue
Central Board of Indirect Taxes and Customs
(Customs Policy Wing)

Room No. 252A, North Block, New Delhi

Dated: 10-10-2024

To,

All Principal Chief Commissioners/Chief Commissioners of Customs/Customs (Preventive)/Customs & Central Taxes,
All Principal Commissioners/Commissioners of Customs /Customs (Preventive),
All Principal Director Generals/Director Generals of Directorates under CBIC.

Subject: Reduction in average dwell time and exclusion of DPD containers for calculation of insurance amount under Regulation 5(1)(iii) of HCCAR, 2009-reg.

Madam/Sir,

Kind attention is invited to Board's Circular No. 42/2016-Customs dated 31.08.2016 which provided that average time taken for clearance of goods should be a relevant factor in deciding amount of insurance and accordingly prescribed 10 days as an average dwell time to be considered while calculating the insurance amount as provided under Regulation 5(1)(iii) of the Handling of Cargo in Customs Areas Regulations, 2009 (hereinafter referred to as HCCAR).

2. It has been represented to the Board that the guidelines prescribed vide the above referred circular may be reviewed for reduction of cost incurred on insurance amount by Customs Cargo Service Providers (CCSPs) under Regulation 5(1)(iii) of HCCAR, 2009.

3. The matter has been examined. The parameters like average dwell time, number of containers likely to be stored in a Customs area etc that contribute to calculation of insurance amount as prescribed under the referred circular have been revisited and the following is observed:

(i) **Reduction in average dwell time:** The National Time Release Study

(NTRS), 2024 records a significant reduction in average dwell time in getting a cargo Customs cleared over the past few years across all Customs facilities which can be attributed to various factors like overall improvement in trade facilitation environment, enhanced levels of facilitation, increase in AEO uptake, reduction in the time taken for assessment and the launch of DPD-DPE and RMS schemes. Taking into consideration the import release time from 2021 to 2024, the average release time (ART) arrives at 5 days.

(ii) **Exclusion of DPD containers:** Direct Port Delivery (DPD) scheme facilitates the clearance of imported goods directly from the port rather than routing through CFS for Customs clearance process. It reduces the burden on CFS for storage of goods, minimizes delivery time, reduces logistics time and cost considerably for trade and industry. Thus, while calculating the insurance amount in terms of Regulation 5(1)(iii) of HCCAR, 2009, all the DPD containers including those which are stored in CFS on the will of importers but otherwise are Customs cleared, need to be excluded from the total number of containers that are likely to be stored in a Customs area. This is also in consonance with the spirit of Regulation 5(1)(iii) of HCCAR, 2009 and the above referred circular.

4. In view of the above, the Board has decided that for the calculation of insurance amount as provided under Regulation 5(1)(iii) of HCCAR, 2009 and prescribed under Circular No. 42/2016-Customs dated 31.08.2016, the average dwell time is reduced from existing 10 days to 5 days. Further, it is clarified that all the DPD facilitated containers including those which are stored in CFS on the will of importers but otherwise are Customs cleared, be kept out of the ambit of Regulation 5(1)(iii) of HCCAR, 2009.

5. The contents of this circular may be publicized through Public Notices at Zonal/Commissionerate level.

6. Difficulty, if any, in the implementation of this circular may be brought to the notice of the Board.

Hindi version follows.

Yours faithfully,

(Tribhuwan Yadav)
Dy. Commissioner /OSD, Cus-VI
[Email:- uscus6-dor@gov.in]