



# Time Release Study Report

**Bhairahawa Customs**  
**28 July – 03 August 2019**



Government of Nepal  
Ministry of Finance  
**Department of Customs**  
Kathmandu, Nepal  
September 2020





TRS report presentation with National Customs Trade facilitation committee meeting





WORLD CUSTOMS ORGANIZATION



# Department of Customs, Nepal TIME RELEASE STUDY

Prepared by  
**TRS Working Group**  
Department of Customs  
Kathmandu, Nepal  
September 2020



# FOREWORD



Government of Nepal  
**Ministry of Finance**  
**Department of Customs**



*Ref. No.*

**Tripureshwor**  
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Nepal has ratified the World Trade Organization - Trade Facilitation Agreement (WTO-TFA) and Revised Kyoto Convention (RKC) in 2017 to ensure the conducive trading environment and highly committed to align the customs and trade laws in line with the aspirations of these conventions. Modernization of customs procedures and legal reform has been initiated as a party of WTO TFA and RKC compliance

As envisioned in the Customs Reform and Modernization Strategic Action Plan (2017-21), to ensure fair trade environment and reduce the trade cost and time, Nepal customs has conducted Time-Release Study (TRS) in two major customs in 2017, and one in 2019 that cover almost 25 percent of international trade, to spell out the existing bottlenecks in the customs clearance and border compliance issues.

The TRS is the special tool developed by the World Customs Organization to measure the relevant aspects of the effectiveness of operational procedures carried out by Customs, other regulatory agencies and private sector stakeholders in the standard processing of imports, exports, cross border and transit movements. The aim of the TRS is to find out the average time taken for the clearance of consignments from entry to exit in Customs area and to prescribe possible corrective measures to the Customs and other border agencies to improve their performance.

The TRS taskforce conducted the study following the standard study methodology with the technical support of WCO experts, and. Most of the data have been captured from Asycuda World system and analyzed in line with WCO TRS guidelines. Time taken in different customs clearance stages, has clearly figured out the areas to reform and issues to be addressed. Reducing the customs clearance time and cost in the international trade, Customs, other border agencies and traders have to comply the finding and recommendations of the report. Full automation of the whole trade process and digitization are the optimal measures to reform and ensure fair trade environment.

Department of Customs has introduced several trade facilitation measures since long time and it has been reflecting in the currently published Doing Business Report (DBI) and Logistic Performance Index (LPI) reports. Definitely, The technology-driven measures can enable the traders and customs administration to ensure higher levels of compliance.

I am assured that the findings and suggestions of this study will assist Department of Customs and concerned stakeholders to introduce facilitation measures to resolve bottlenecks hindering the faster Customs clearance, and promote the seamless movement of cargo traffic to and from the Country.

I would like to thank World Customs Organization and experts for their technical support and feedback on the report and JFPR(ADB) for their assistance to conduct the study. I particularly commend the entire TRS task force led by Mr. Mukti Ram Acharya, Director, Customs reform and International relations Division, to make possible this excellent study, and thank Customs Trade Facilitation Committee, Local Level Working Group, traders and private sectors for their support to make possible this study.

**Suman Dahal**  
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Completing the first ever Time Release Study in Mechi and Biratnagar Customs in 2017, the Department of Customs has provided utmost importance to the study which is also a key activity identified in Nepal's Customs Reform and Modernization Strategies and Action Plan 2017-2021. In collaboration with World Customs Organization and support of Asian Development Bank through JFPR programs, the Department of Customs conducted the Time Release Study (TRS) at Bhairahawa Customs during 28<sup>th</sup> July – 03<sup>rd</sup> August 2019. The tasks force further consulted with the traders to identify the reasons for the significant delays in clearance of some of declarations during the analysis and report writing phase. It was also planned to conduct the TRS in Birgunj Customs as well and publish a consolidated report, but due to the shift of Birgunj Customs to a new Integrated Check Post and following the COVID-19 outbreak, the DOC published the TRS report of Bhairahawa Customs. Only The effort of the TRS Working Group, Local TRS Working Group and support from stakeholders were key to completing the study and preparation of this report. The working group acknowledges most gratefulness to Mr. Suman Dahal, Director General for entrusting the working group with this important task and for his guidance, support and encouragement.

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Last but not the least, the working group would like to extend its appreciation to the enumerators for their tireless effort during the survey. Finally, we extend our sincere thanks to everyone who in one way or the other participated in the study.





# ACRONYMS

<b>ADB</b>	Asian Development Bank
<b>ASYCUDA</b>	Automated System for Custom Data
<b>AW</b>	ASYCUDA World
<b>CRM</b>	Customs Reform and Modernization
<b>CRMSAP</b>	Customs Reform & Modernization Strategies and Action Plan
<b>DoC</b>	Department of Customs
<b>DTI</b>	Direct Trader Input
<b>EXIM</b>	Export Import
<b>ICD</b>	Inland Clearance Depot
<b>NECAS</b>	Nepal Customs Automation System
<b>NITDB</b>	Nepal Intermodal Transport Development Board
<b>OGA</b>	Other Government Agency
<b>PTC</b>	Permanent Technical Committee
<b>SAD</b>	Single Administrative Document
<b>TMC</b>	Terminal Management Company
<b>TRS</b>	Time Release Study
<b>UNCTAD</b>	United Nations Conference on Trade and Development
<b>VCTS</b>	Vehicle & Consignment Tracking System
<b>WCO</b>	World Customs Organization



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## EXECUTIVE SUMMARY

1. The Department conducted TRS survey at Bhairahawa Customs Office. Bhairahawa Customs is located in the border crossing point adjoining the Indian border Sonauli, U.P. of India. As per the Treaty of Trade and Treaty of Transit between Nepal and India, the Bhairahawa Customs office facilitate clearance of bilateral and overseas EXIM trade.
2. Bhairahawa Customs Office is the second largest Customs in terms of trade volume, revenue collection and declarations. This Customs handles approximately 16% trade volume, 22% revenue collection and 178 thousand declarations annually in imports and exports combined. Major commodities of import from India are coal, clinker, petroleum products, motor vehicles, billets, glazed tiles, marble slab and granite, cereals and other household appliances. Major commodities of export are Synthetic yarn, Other fibrous fabrics, Bags of other clothing items, Waste paper, Ginger (Sutho), Noodles, pasta, Oil-cake (Pina), Rosin, Herbs (Jadibuti), Other spices (Masala).
3. Time Release Study (TRS) is a special tool developed by the World Customs Organization (WCO) to measure the effectiveness of operational procedures carried out by Customs, other regulatory agencies and private stakeholders in the standard processing of imports, exports, cross border and transit movements.
4. WTO Trade Facilitation Agreement also encourages member countries to measure and publish average release time of goods periodically and in a consistent manner, using tools such the Time Release Study by determining the scope and methodology of such average release time measurement in accordance with its needs and capacity.
5. The TRS is a key activity identified in Nepal's CRMSAP (2017-2021). The Bhairahawa Customs Office is the third Customs office in the row to undertake TRS study after studies conducted in Mechi and Biratnagar Customs in 2016.
6. In order to conduct the TRS Study as per the WCO guidelines, the Department had constituted TRS working group comprising of six Customs officials under the leadership of Director, Customs Reform and Modernization (CRM) Section. This group was assisted by ADB TF experts, DoC officials and other stakeholders and experts.
7. To coordinate the study, local working group was formed under the leadership of the Chief Customs Officer of the Bhairahawa Customs with the involvement of concerned government agencies, private sectors and from various stakeholder organizations.
8. The overall objective of this study was to find out the average time taken for the clearance of consignments from entry to exit in Customs area, to identify bottlenecks and to formulate possible corrective measures to address possible delays from other agencies.

9. Technical Assistance grant of the Asian Development Bank (ADB) supporting Nepal's participation in South Asia Sub-regional Economic Cooperation (SASEC) trade facilitation initiative funded by the Japan Fund for Poverty Reduction (JFPR) has rendered support for the study.
10. The study was done following the first three phases of the WCO TRS Guide version-3, such (a) preparation of the study (b) Collection and recording of data (c) Analysis of data and conclusion. It is important to note that environment scanning and test run were also done as part of the preparation.
11. After completing the environment scanning, the working group conducted TRS test run during 13-15 July 2019 and data collection from 28 July – 03 August 2019.
12. Following the WCO guidelines the working group considered the entry and exit of cargo vehicles to/from the Inland Clearance Depot (ICD) as the broad scope of the study.
13. For consignments coming from India, a total of 612 declarations were taken as samples. Likewise, 48 exports declarations and 42 imports declarations from overseas have been sampled for the survey, all of which are included in the study. Due to the limited numbers of export consignments, all the vehicles carrying export consignments were taken as sample for the survey.
14. The minimum, average and maximum time taken were recorded in Bhairahawa Customs for EXIM cargo that entered and exited after fulfillment of Customs clearance processes. For import, the study revealed that the average time taken between entry of the cargo vehicle into ICD and its exit from the ICD was 21 hours 34 minutes, while for export, the corresponding value was 15 hours 6 minutes.
15. The time taken between Lane assessment by the AW to rerouting of the declaration to green was 4 hours and 1 minutes, and the average time taken for export was 3 hours and 1 minute.
16. Most of the data were collected through AW system except the bank queue time, OGA Certification time and physical inspection time of the samples
17. This TRS report will be the benchmark for the measuring the average time in the border customs clearance, so it is recommended to continue the future TRS activity especially at the same offices at the same period of the year for coherent comparison.
18. As the TRS Guide version 3 suggests, an additional phase in the TRS methodology which encompasses "monitoring and evaluation" (Phase IV) should be conducted. The activity is to conclude and evaluate one TRS cycle before preparing for the next, when adopting TRS as a strategic and periodic tool to enhance trade facilitation at national, regional and multilateral level.
19. Based on the survey's data analysis and findings, the working group has prescribed number of recommendations in order to create conducive environment for faster

clearance of cargos from the Customs. The details are covered under the separate chapter “Recommendations” in the report.

20. Although, the analysis of the TRS results reveals significantly positive picture on the part of Customs involvement in the clearance process from phase 1 assessment to final signature of the Customs officer. Under different steps, and process from the declaration to customs clearance, result reflects that still most of time was consumed during arrival to customs declaration step and manual process of OGA certification. There are plenty of rooms for improvement through full automation process of the trade, duty and load management of officials, traders, logistic operators involved in the process for facilitation of faster clearance.
21. Though, the ASYCUDA World has digitized most of the process of the customs clearance, still the requirement of paper submission, requirement of physical signature of customs officers, and paper-based quarantine certificate are to be automated. So, it is recommended to automate the whole process for less paper environment, connecting all trade related agencies in a single portal, using digital signature and e-payment for the smooth and seamless movement of cargo which reduces time in the border compliance.
22. In future, it is highly recommended to conduct the office level and national level TRS using auto generated data from AW comprising whole customs points to create a benchmark on the ease of doing business environment in trading across the border and use as a tool for the periodic monitoring and improvements in Customs clearance.
23. Commodity specific TRS is also recommended to consider in future to find the actual bottleneck for export promotion and import facilitation on commodities specific levels.





# 1. INTRODUCTION

## 1.1 Background

With the advent of globalization in the 21st century, it has resulted to huge increase in cross border trading and with this arising volume of trade; the role of Customs in trade facilitation (TF) is becoming more prominent. To fulfill the increased demand and assure seamless movement of international supply chain in the globalized context, expediting the movement, clearance and release of goods have been the main agenda for many Customs administrations in the 21st Century.

Department of Customs (DoC) recognizes the importance of trade facilitation and its links to Customs reform and modernization to attain the reform in ease of doing business environment. In order to embrace the trade facilitation measures, especially to improve import and export performance, involves streamlining and simplifying border procedures, in particular for Customs, but also the many other relevant border regulatory agencies. In line with the DoC priority and commitment to achieve excellence in Customs performance, it has been modernizing its activities, procedures, automation, and client services for many years, and applying new customs policy, rules, regulation, conventions and tools to fully align with relevant international standards and best practices. These reform agenda have been translated into actions since 2003 through the implementation of series of periodic Customs reform and modernization plans that list vision, objectives, strategies, activities and tasks.

The DoC is now implementing the fifth Customs Reform and Modernization Strategy and Action Plan 2017-2021 which recognizes TRS as one of its major activities to improve trade facilitation.

Under the plan of previous CRMSAP 2013-17, TRS was first ever conducted in Nepal under the guidance of the WCO and support from the Asian Development Bank. It was conducted at Mechi and Biratnagar Customs and the report was published in January 2017, which equipped the Department with the capacity to carry out the study and primarily set a benchmark on the status of goods clearance at those two Customs.

The ultimate aim of implementing a performance measurement system is to improve the performance of the function being measured. One of the important clearance stages to consider for the review of clearance procedures is to measure the time taken between the arrival of the goods and their releases. It helps Customs to respond to trade requirements where the operators need to plan for the movement of goods across borders. The time required to release goods has also increasingly become the measure by which the international trading community assesses the effectiveness of border clearance processes.

This TRS was conducted at Bhairahawa Customs Office from 28<sup>th</sup> July to 03<sup>rd</sup> August. The study was carried out under the supervision and guidance of the WCO and support provided by the ADB.

## 1.2 TRS and WCO

The development of the Time Release Study Guide goes back to the 1990s. In 1994, the Permanent Technical Committee (PTC) adopted the Study on the Time Required for the Release of Goods (Handbook) to guide administrations wishing to undertake a Time Release Study (TRS).

The Guide to Measure the Time required for the Release of Goods was consequently adopted by the PTC and reported to the Council in 2001. The current guide is version 3 published in 2018. Online software for conducting a TRS was also developed by the WCO, which intended to serve as a tool for use in developing a survey questionnaire, completing an analysis and producing a report on a TRS.

The WCO Time Release Study (TRS) is a unique tool to measure the actual time consumed from the arrival of goods to their physical release; assess the efficiency and effectiveness of each actor in the flow process of cargo; identify bottlenecks affecting the release of goods; obtain empirical evidence for re-engineering existing procedures; identify opportunities for border management improvement; establish a baseline for border management performance measurement; and to improve border process efficiency in a periodic manner.<sup>1</sup>

A TRS is considered as a useful tool for identifying bottlenecks in border-related procedures and for improving their efficiency and effectiveness. It has increasingly become a measure by which the international trading community assesses the effectiveness of border procedures, including Customs procedures. It also assists in the addressing of the concerns of trade circles regarding long delays in Customs clearance. It helps Customs to respond to trade requirements where the operators need to plan for the movement of goods across borders.

## 1.3 Objectives of the Study

The overall objective of this study is to find out the average time taken for the clearance of consignments from entry to exit in Customs area, and to prescribe possible corrective measures to the different process and concerned agencies.

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1 GUIDE TO MEASURE THE TIME REQUIRED FOR THE RELEASE OF GOODS Version 3

### The specific objectives are to find out:

- The time taken between arrival of the goods at the Customs area and their release with the aim of removing bottlenecks, if any;
- The average time taken for the release of goods by Customs and other government agencies (OGAs) to accomplish efficiency;
- The average time taken at each stage of clearance process to examine effectiveness of measures introduced for Customs Reforms and facilitation on improving service standards;
- The average time taken for release of goods through green lane, yellow lane and red lane;
- The procedural problems and its nature if any; and
- The possible corrective measures and recommendations for Customs, concerned government agencies and stakeholders for creating conducive environment for seamless flow of goods.

## 1.4 Guidelines of DoC and WCO

According to the recommendations of the TRS guidelines, the Department formed a TRS working group that comprised of six officials under the leadership of Director, Customs Reform and Modernization (CRM) Section. The group was supported by ADB TF experts and DoC officials in conducting TRS at the Bhairahawa Customs office. To coordinate the study, local working group was formed under the leadership of the Chief Customs Officer of Bhairahawa Customs office with representation from various government agencies and private stakeholders. The TRS working group in close co - ordination with the local working group, successfully conducted the TRS survey.

In spite of desk support from WCO to draft the questionnaire, process of the TRS and review of the report of TRS, the presence of the WCO experts in national workshop and supervising and guidance in the data collection were also significant contribution for the study to assure the quality in every step.

TRS working group conducted the national workshop on TRS with Customs National Trade Facilitation Committee and other stakeholders with the technical support and facilitation of WCO TRS experts. The group has discussed widely with customs agents, freight forwarders, experts and senior customs officials regarding the modality and the structure of questionnaire for the survey.

Orientation and Interactions with local TRS task team, executive members of different trade related federation, Customs agents and all customs officials were carried out before the environmental scanning, Test run and data collection in the field customs.

This study covers the time taken between entry and exit of cargo vehicles carrying both import and export consignments at Bhairahawa Customs, and measuring time taken at various stages in Customs clearance process following the WCO guidelines.

## 1.5 The WCO's TRS Measure

The TRS guide version 3, published by World Customs Organization (WCO) in 2018, was taken as a main guiding document for the survey and analysis.

### The WCO's TRS measure is:

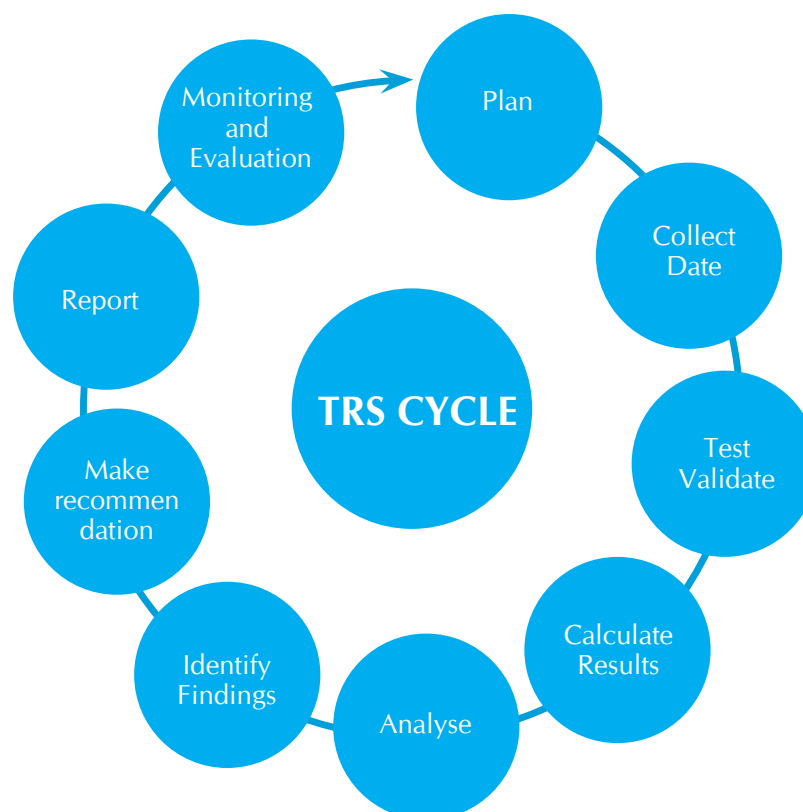
The arithmetic means and/or median between the arrival of the goods into the Customs premises, and their release into the economy via a standardized system.

Following the WCO's Guidelines, the terms "clearance" and "release" are classified as follows:

**Release:** The action by Customs to permit goods undergoing clearance to be placed at the disposal of the person concerned.

**Clearance:** The accomplishment of all formalities necessary to allow goods to enter for home use, to be exported, or to be placed under another Customs procedure.

The cycle of whole process of TRS study is presented below:



Source: WCO TRS guide, 2018<sup>2</sup>

<sup>2</sup> WCO. 2018. *Guide to measure the time required for the release of goods version 3*. [http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/time-release-study/time\\_release-\\_study.pdf?db=web](http://www.wcoomd.org/-/media/wco/public/global/pdf/topics/facilitation/instruments-and-tools/tools/time-release-study/time_release-_study.pdf?db=web) Accessed: 30 April 2020.

## 1.6 Limitations of the study

The TRS study in Bhairahawa Customs has the following limitations while collecting and analyzing data:

- ◆ All import and export declarations were considered eligible for selection of samples in the survey.
- ◆ The survey, however, excluded the declarations related with hand carry goods and low volume cargoes i.e. goods carried by *rickshaw*, *Thela* (man or animal pulled carts) etc.
- ◆ Vehicles carrying petroleum products, green vegetables and other perishable products, which clearance process is expedited than the normal cargoes were also excluded from the survey.
- ◆ The data collection of Exports from Nepal and import from other country except India were censused.
- ◆ The number of samples to be selected was decided based on the desired margin of error (5% or 1%) and confidence interval of 95%. In addition, five percent outliers were excluded in the data analysis to make the analysis best representation.
- ◆ Samples were selected after the declaration in ASYCUDA system and entry of the cargos in the customs area. The sampled declaration, which corresponding vehicles that had entered into the customs area before 30 days of the initiation day of the survey, were also excluded from the sample.

## 2. ERVIEW OF BHAIRAHAWA CUSTOMS

### 2.1 General Information

Bhairahawa Customs office is second largest customs of Nepal in terms of total revenue collection, EXIM trade volume, number of declarations processed after Birgunj Customs. The share of revenue collection of this office is approximately 22%, EXIM trade volume is 16%, where the import share is 17% and export share is 4% of the total import and export trade volume respectively for the FY 2018/19.

Bhairahawa Customs is one of the major crossing points for the movement of import and export cargos in the country. The major goods imported from this Customs point are coal, clinker, petroleum products, motor vehicles, billets, glazed tiles, marble slab and granite, cereals and other household appliances. The major goods exported from this customs are Synthetic yarn, Other fibrous fabrics, Bags of other clothing items, Waste paper, Ginger (*Sutho*), Noodles, pasta, Oil-cake (*Pina*), Rosin, Herbs (*Jadibuti*), Other spices (*Masala*).

This Customs office is located in the province number five of Nepal bordering Sonauli, Uttar Pradesh of India. There is Inland Clearance Depot (ICD) which is being regulated by the Nepal Intermodal Transport Development Board (NITDB), the government owned entity and operated by a private TMC.

### 2.2 Customs Clearance Process

Most of the Customs clearance procedures at Bhairahawa Customs have been automated by the use of ASYCUDA World which is core Customs clearance system developed by UNCTAD. The ASYCUDA World system covers most of the customs clearance procedures beginning with the record of arrival of vehicles, lodgment of SAD, risk assessment, directing the lanes, assigning customs officials, payment of duties and taxes, issue of release order and exit note.

Gate Entry Module has been implemented in the Customs point through which the system gets complete information regarding arrival of vehicles through the entry note. The selectivity module under AW has also been operationalized for selection of declaration based on risk assessment into different lane for clearance. However, the entry note of the vehicles are also linked with the selectivity operation which is triggered when the vehicle arrives. Three lanes - green, yellow and red are operational in AW selectivity system. The consignment selected for green lane is cleared without physical examination of the goods and documents. Likewise, the consignment, which falls in yellow lane for clearance, is cleared by examining the related documents and the consignment that is selected for red lane is cleared by examining entire goods and documents physically.

However, OGA certification process, cargo de-stuffing, loading, unloading, warehousing, inspection etc. are still carried out manually.

During the survey, the working group has observed the following stages related to the Customs clearance at Bhairahawa Customs:

- On arrival of cargo vehicles in the customs area, the TMC issues gate entry notes through their software, which is transferred to the AW system through a web service where basic entry information like vehicle number, time and date, type and status of vehicle etc. are recorded in system.
- The importer/exporter or their agents or their representatives compiles all required documents for declaration submission.
- Using Direct Trader Input (DTI) terminals located at Customs premises or from their own locations where internet is available, declarations are submitted electronically to the Customs central server together with attached scanned invoice required for the Customs clearance.
- Upon submission of the declaration, the declarant gets the registration number electronically from the AW system.
- The lane assessment gets triggered automatically when the vehicle entry note is created as vehicles arrive in the customs area. The vehicle number in the entry note and the SAD is verified and also other requirements regarding the consolidated declarations or multiple vehicles are examined by the system automatically.
- During this phase, selectivity is triggered automatically which determines the Customs clearance lane for the declaration (i.e. red lane, yellow lane or green lane).

#### **Process observed for Red Lane Clearance**

- The system automatically assigns the inspectors and officers for physical inspection in RED Lane.
- Information related to selection of declaration for red lane clearance is disseminated simultaneously to concerned examining team and declarant.
- The copies of printed declaration are submitted to concerned inspection officials along with attached documents by declarant.
- The examining team commences the inspection and determines whether the consignment would require OGA certification for clearance. In requirement of OGA's certification, the examining team draws samples and sends it to respective OGA for necessary processing.
- Upon receipt of OGA certificate, the examining team commences re-examination.
- If the examining team is satisfied with the declaration, they re-route the declaration to green lane. After the re-route, the same process of green lane clearance is applicable.

### Process observed for Yellow Lane Clearance

- The system automatically assigns the inspectors and officers for documentary check.
- Information related to selection of declaration for yellow lane clearance is disseminated simultaneously to concerned examining team and declarant.
- The copies of printed declaration are submitted to concerned documentary check officials along with attached documents by declarant.
- The examining team commences the documentary check and determines whether the consignment would require OGA certification for clearance. In requirement of OGA's certification the examining team draws samples and is sent to OGA for necessary processing.
- Upon receipt of OGA certificate, the declaration is re-routed to green lane. After the re-route, the same process of green lane clearance would be applicable.

### Process observed for Green Lane Clearance

- The state of selected green is equivalent to the state of declaration re-routed to green.
- If the declaration is selected for green lane clearance, the declarant pays applicable duties and taxes at the designated bank located in the Customs area.
- The declarant submits the declaration along with bank receipt to get final approval from Customs officer for release of goods.
- The exit note is issued by the Customs.
- The declarant settles Terminal Management Company (TMC) charges and the cargo is being permitted to exits from the ICD.

The process map covering entire process of import and export stages as observed in Bhairahawa Custom by the survey team is attached as an (**Annexes 1A and 1B** respectively).

## 2.3 Preparation of the Study

### 2.2.1 Environmental Scanning and Process Mapping

For the commencement of the TRS, a TRS working group was formed and the group visited Bhairahawa Customs for the Environmental Scanning and Process Mapping. The working group organized interaction program among the customs staffs, customs agents, other related agencies involved in customs clearance including private organizations to make them aware regarding TRS and its procedures to be followed.

The TRS working group prepared following documents during Bhairahawa Customs visit on 21st-23rd April 2019:

- i. Design of the process mapping (**Annexes 1A and 1B**)
- ii. Design of draft questionnaire (**Annexes 2A and 2B**)

Based on the environmental scanning and process mapping, the TRS team with the support of WCO TRS experts made available by the WCO designed draft questionnaires for the survey,



by utilizing the WCO TRS software. All the documents were submitted to the DoC, and the WCO for review and comments. Upon receipt of feedback, the TRS working group finalized and updated the questionnaires for TRS test run.

### 2.1.2 Implementation of TRS Test Run

Following the recommendation of WCO experts, the working group conducted TRS test run during 13<sup>th</sup>-15<sup>th</sup> July, 2019. The TRS working group visited the customs office and conducted interaction with all stakeholders regarding customs clearance, sensitizing them about the TRS Test Run. For the test run, six students from the local college were mobilized as enumerators to support the survey work. The enumerators were provided the training by the working group, and deployed them for the survey work.

The data of the test run was posted in the WCO TRS software and a report was prepared accordingly. The report was shared with DoC and WCO.

As per the test run report, the working group collected feedback and identified some required changes in the process map and also in the questionnaire.

- ◆ Separate manual time recording slip was introduced to capture the manual time as there were only 7 questions to be captured out of total 29 in the questionnaire.
- ◆ Question to record time SAD submitted to Officer for final signature was decided to be removed as it was found that there is no significance as the time an officer has taken to make the final signature is already recorded in the overall time taken by the Customs to release the consignment.
- ◆ During the test run of two days period, initially, sample selection was done on the basis of vehicle numbers from the list of all entered vehicles from the entry gate. By this, it was difficult to trace out the corresponding declaration number for those vehicles that unloaded the goods in the warehouse. To overcome this situation, it is decided to take the samples from the declaration list and tracing out the arrival time of corresponding vehicle from the entry gate as the actual entry time is already recorded in the system.

According to the feedback during the test run, slight modification on the questionnaire was performed and the information was shared with DoC and WCO.

### 2.1.3 Actual TRS Survey: Data Collection

After completing test run and according to the observations during that period, questionnaire was modified as mentioned above and modality of survey including the role and position of enumerators, other logistics were finalized and then the survey was initiated.

The actual data collection for the TRS of Bhairahawa Customs Office was carried out from 28<sup>th</sup> July to 3<sup>rd</sup> August 2019. The working group conducted interaction program with all related stakeholders and other private agencies regarding the TRS survey. The data collection for the survey was conducted using questionnaire leaflets to capture manual information of the customs clearance procedures where most of other information were acquired through ASYCUDA World system.

The enumerators were trained and mobilized in shift basis to cover the full data collection period from early morning to the evening. The data were collected in a regular basis disregarding the time of entry or arrival of the vehicles.

## 3. SURVEY METHODOLOGY

### 3.1 Scope of the Study

The WCO TRS Guidelines provides comprehensive guidance on the scoping of the TRS Survey. To establish TRS as a standard benchmark for the calculation of time and important measure of trade facilitation and modernization of Nepal Customs, DoC planned to make the study as much comprehensive as possible and has taken the following to be the scope of the study.

- ◆ As a comprehensive study to capture all the processes leading to the release of the goods.
- ◆ Study to capture all the elements in the Customs release processes.
- ◆ Study to measure the time involved, from the arrival of goods in the Customs area to their release (total time).
- ◆ To study road-based cargo at Bhairahawa Customs office.
- ◆ Study to be based on automated Customs processes with very few manual steps involved.
- ◆ Study to involve the TMC for the storage/parking of cargo/vehicles, Bank for duty collection and OGAs especially the permissions related to food, plant and animal quarantine.
- ◆ Figure out the policy reform, gaps in automation process, inter agency coordination, and the bottleneck in the trade facilitation.

A proposal outlining the scope and objective of the study was prepared by the TRS working group based on the Time Release Study Guide. To achieve the objectives defined, the working group considered the entry and exit of cargo vehicles to/from ICD as the broad scope of the study.

#### Major steps under this broad scope have been identified as follows:

- Arrival of cargo vehicles
  - Declaration, registration and phase 1 assessment
  - Physical examination, OGA certification and phase 2 assessment
  - Payment of duties and taxes, release order and exit of cargo vehicles
- The process map covering entire process of import and export stages as observed in Bhairahawa Custom by the survey team is attached as an (Annexes 1A and 1B respectively).

### 3.2 Sampling Unit

After implementation of the WCO TRS Guide, the TRS have been conducted and reports are being published by different countries. The TRS working group reviewed the TRS Guide some of the reports and local clearance process of the Bhairahawa Customs. Customs declarations during the study period were the population of the study, to select the sample unit according

to the sampling methodology used. Moreover, the working group reached into following consensus while selecting the samples for the study.

For the cases, where the vehicle carrying cargo belong to single consignee or firm, a single declaration would be selected as sample unit. Whereas, in case of the vehicle carrying a cargo belonging to multiple consignee or firms, a single declaration would be randomly selected as a sample unit.

Likewise, for multiple vehicles carrying cargo that belong to single consignee, a single declaration would be prepared, all the cargo vehicles were selected as a sample unit although their exit time would vary from one another but their Customs clearance process remained the same.

### 3.3 Coverage/Limitation

All import and export declarations were considered eligible for selection in the survey. The survey however, excluded the declarations related with hand carry goods and low volume cargoes i.e. goods carried by *rickshaw*, *Thela* (man or animal pulled carts) etc. In addition to those, vehicles carrying petroleum products, green vegetables and other perishable products, which are subject to the expedited clearance, were also excluded from the survey. Finally, the sampled declaration, whose corresponding vehicles had entered into the customs area before 30 days of the initiation of the survey, were also excluded from the sample.

### 3.4 The Period of the Study

The period of study TRS at Bhairahawa was 7 days. The survey was initiated on 28<sup>th</sup> July 2019 and concluded on 03<sup>rd</sup> August 2019. All declarations registered between 12 am of 28 July to 12 pm of 03 August were taken as reference period. In this time frame, vehicles arriving from 20 July as well as declaration last cleared till 13 August have been recorded.

### 3.5 Sampling Methodology

In order to finalize the sampling methodology for the survey, the working group reviewed the number of import and export declarations passing through Bhairahawa Customs of the preceding fiscal year and found significant variation. While analyzing the statistics, the group found that the average weekly declarations for exports were around 65, whereas those of imports were around 3226 (3166 from India and 60 from other than India). Due to this heterogeneity, different methods of enumeration were applied for import and export procedures.

Based on the review result, the group adopted following sampling methodology. For import procedure, a sampling method was adopted for declarations arriving from India and full enumeration method was used for declarations arriving from other countries than India. Whereas, for export, full enumeration technique was used and all the export declarations that registered during the survey period in the Customs were recorded.

In case of imports, stratification was applied, where consignments were broadly classified into two groups (strata)—imports arriving from 'India' and imports arriving from other countries than India. Consignments arriving from other countries than India were fully enumerated.

However, for those arriving from India a pre-defined number of declarations were selected from the ASYCUDA using systematic sampling procedure. Due to the limited number of export declarations, they were fully enumerated.

Having fixed the sample size for consignments from India, a single declaration registered at the ASYCUDA system was selected at random and the subsequent declarations were selected systematically using the sampling proportion, which is the ratio of sample size to total number estimated declarations at the entire study period. The systematic sampling process was continued until required samples were recorded.

For consignments arriving from India, 633 declarations (20% of average 3166 imports declarations from India per week based on past year data) were fixed as a sample size for this study. Theoretically, it was assumed that this sample size was expected to give the result of the survey with margin of error 1% and Confidence interval 95%. However, at the end of the survey, only the information of 612 declarations have been captured as some selected declarations could not be followed during all stages of the clearance process. Likewise, 48 exports declarations and 42 imports declarations from other countries than India have been registered in the system during the survey, all of which are included in the study. Table 3A below summarizes the sample size during the planning phase and sample achieved at the end of the survey.

**Table 3A: Sample Size Determination by strata (groups)**

S. N	Descriptions	Average Weekly no. of declaration	Proportion	Sample size fixed	Method	Sample achieved
1	Imports Total	3226	100	693		654
	from India	3166	0.98	633(*)	sampling	612
	from Other	60	0.02	60(**)	full enumeration	42
2	Exports Total	65	100	65(**)	full enumeration	48
	<b>Total (1 + 2)</b>	3291		758		702

\*sample calculations are based on desired margin of error 1% and Confidence interval 95%.

\*\* estimated number of declarations based on past record

## 4. RESULT AND ANALYSIS

### 4.1 Distribution of Sample

During the survey at Bhairahawa Customs Office, a total of 654 import declarations were taken as samples during the survey period. Out of 654 declarations, 612 of them were imports from India and 42 declarations were from other countries.

Table 4A below shows the number of declarations of import and export consignments selected during the survey period. The table further provides detailed information on the number of declarations from India selected as sample for the survey.

Due to the limited number of consignments, all the declarations for export and import from other than India were taken as sample for the survey.

**Table 4A: Number of Declarations selected at the entry gate each day**

Day of Enumeration	Imports Declaration from Country			Exports Declarations
	India	Other	Total	
28 <sup>th</sup> July	68	9	77	3
29 <sup>th</sup> July	76	8	84	10
30 <sup>th</sup> July	112	4	116	8
31 <sup>st</sup> July	106	5	111	8
1 <sup>st</sup> August	92	7	99	4
2 <sup>nd</sup> August	125	5	130	11
3 <sup>rd</sup> August	33	4	37	4
<b>Total</b>	<b>612</b>	<b>42</b>	<b>654</b>	<b>48</b>

Table 4B further elaborates the number of import and export sampled cargo declarations distributed under different categories. Among 654 import samples, 326 (49.84 percent) cleared through the Red lane, 281 (42.97 percentage) cleared through Yellow lane and 47 (7.19 percent) cleared through Green lane. Likewise, out of 48 export samples 2(4.16 percent) cleared through red lane, 1 (2.08 percent) cleared through yellow lane and 45 (93.75 percent) cleared through green lane.

**Table 4B: Distribution of selected cargo declarations.**

Details	Imports	Exports
Total	654	48
By partner country		
India	612	-
Other	42	
By Selectivity (Lane/Channel)		
Red	326 (49.84%)	2 (4.16%)
Yellow	281(42.97%)	1 (2.08%)
Green	47 (7.19%)	45 (93.75)
Among the red, OGA certificates requirements		
require OGA certificates	59	-
do not require OGA certificates	595	48

#### 4.1.1 Time Taken from Arrival to Exit

Table 4C summarizes the average, minimum and maximum time taken in Bhairahawa Customs for EXIM cargo that entered and exited from the ICD after fulfillment of Customs clearance processes. This section covers the whole time taken during the customs procedure since the arrival of the goods until the final exit of the vehicles from customs procedure after completion of all customs procedures.

For import, the average time taken between entries of the cargo vehicle until its exit from ICD carrying import cargo was 19 hours 46 minutes, while for exports, the corresponding value was 17 hours 25 minutes. Therefore, clearance of exports was marginally faster than clearance of imports.

For further understanding, the acquired data has been analyzed in quartiles; the First Quartile or the lower quartile (Q1) is defined as the middle number between the smallest number and the median of the data set. The Second Quartile (Q2) is the median of a data set and 50% of the data lies below this point. The Third Quartile (Q3) is the middle value between the median and the highest value of the data set. It is also known as the upper quartile or 75% of the data lies below this point.

Among the import declarations, first 25% of them got clearance from customs within 7 hours 20 minutes time (Q1). Similarly, second 25% of the declarations completed the customs clearance procedure within 18 hours 57 minutes (Q2) whereas third 25% of the declarations got clearance within 1 day 5 hours 42 minutes (Q3).

Regarding export declarations, first 25% declarations completed customs procedure within 5 hours 41 minutes (Q1), second 25% declarations completed their procedure within 18 hours 29 minutes (Q2) and third 25% declarations were cleared within 21 hours 33 minutes (Q3).

## Import

- i. The minimum time taken between entry and exit of the vehicle during the study period was 1 hour 13 minutes.
- ii. The maximum time taken between entry and exit of the vehicle during the study period was 13 days, 6 hours and 1 minute.
- iii. The average, minimum and maximum times taken for those vehicles carrying import cargo from India was 19 hours and 55 minutes, 1 hour and 21 minutes, and 13 days, 6 hours and 1 minute respectively.
- iv. The average, minimum and maximum times taken for those vehicles carrying import cargo from countries other than India was 17 hours and 55 minutes; 1 hours 13 minutes; and 6 days 7 hours and 32 minutes respectively.
- v. The average time taken for red lane clearance was 23 hour and 54 minutes, whereas the average time taken for yellow and green lane clearance recorded 16 hours 22 minutes and 10 hours and 8 minutes respectively.
- vi. Among all import declarations, in the first quartile (Q1), first 25% of declarations, directed to Green lane were cleared within 3 hours 48 minutes, declarations directed to Yellow lane cleared within 6 hours 30 minutes and those directed to Red lane go cleared within 8 hours 38 minutes.
- vii. In the second quartile (Q2), second 25% of the declaration directed to Green were cleared within 6 hours and 46 minutes, those directed to Yellow have cleared within 10 hours 7 minutes and those directed to Red cleared within 1 day 23 minutes.
- viii. In the third quartile (Q3), third 25% of the declaration directed to Green got cleared within 18 hours 19 minutes, those directed to Yellow got cleared within 1 day 1 hour 49 minutes and those directed to Red got cleared within 1 day 10 hours 38 minutes.

## Export

- i. The minimum time recorded between entry and exit of the vehicle during the study period was 1 hours and 19 minutes.
- ii. The maximum time recorded between entry and exit of the vehicle from the ICD during the study period was 1 day, 1 hours and 40 minutes.
- iii. The average time taken for clearance was 15 hours and 6 minutes.

**Table 4C: Time taken from arrival to exit**

Description	Mean time*	Standard Deviation	Q1 (1 <sup>st</sup> 25% SAD)	Q2 (Median) (2 <sup>nd</sup> 25% SAD)	Q3 (3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
<b>Imports</b>							
Total	0d 19h 46m	0d 17h 6m	0d 7h 20m	0d 18h 57m	1d 5h 42m	0d 1h 13m	13d 6h 1m
By country of origin							
India	0d 19h 55m	0d 16h 50m	0d 7h 26m	0d 20h 4m	1d 6h 3m	0d 1h 21m	13d 6h 1m
Other	0d 17h 55m	0d 20h 15m	0d 4h 23m	0d 10h 13m	1d 1h 20m	0d 1h 13m	6d 7h 32m
By Selectivity (Lane/Channel)							
Green	0d 10h 8m	0d 9h 36m	0d 3h 48m	0d 6h 46m	0d 18h 19m	0d 1h 36m	4d 5h 44m
Yellow	0d 16h 22m	0d 17h 16m	0d 6h 30m	0d 10h 7m	1d 1h 49m	0d 1h 13m	12d 3h 50m
Red	0d 23h 54m	0d 18h 0m	0d 8h 38m	1d 0h 23m	1d 10h 38m	0d 2h 7m	13d 6h 1m
<b>Exports</b>							
Total	0d 17h 25m	0d 8h 0m	0d 5h 41m	0d 18h 29m	0d 21h 33m	0d 1h 19m	1d 1h 40m

Note: d, h and m stand for day, hour and minute respectively

\* Mean of middle 90% data

**Explanation**

- i. Analyzing the recorded data above, the maximum duration for the goods to be cleared after arrival is 13 days and 6 hours 1 minutes. However, such a maximum time was taken by some outlier samples; as in average 75% samples were cleared within 1 day 5 hours 42 minutes.
- ii. The mean time for clearance of GREEN and YELLOW declarations is 10 hours 8 minutes and 16 hours 22 minutes respectively, which reflects that declarants do not treat such declarations in proper way by treating separately in payment and make exit the cargo faster than the red lane. Either due to the lack of cash for payment or because of other workloads of the declarants, the final exit of the goods got delayed. In general, declarants pile up their declarations, that may be RED, YELLOW or GREEN together and then make final exit together at the end of the day after completing all the tasks.
- iii. Regarding countries of origin, the average time taken by the goods from India is longer than the goods from other country. For the goods from other countries, the declarants were allowed to submit the valuation documents even before the arrival of the goods. In that regards, declarations from other countries seem to have taken fewer time than from India as the survey calculated data from point of arrival only.
- iv. The time taken between arrival and exit of goods have reasons on various steps which would be described in each section accordingly.



### 4.1.2 Time Taken from Arrival to Lane Assessment (First Phase)

Table 4D summarizes the average, minimum and maximum time till the Lane assessment of the SADs after the arrival of the goods. The phase from arrival of goods to lane assessment is taken as first phase of the study where after the goods have arrived and after the declarant has declared the goods in the system, ASYCUDA automatically triggers selectivity and selects a lane for the declarations. The actual customs procedure by customs staffs begins after this phase where system selects examiners and officers for customs process and clearance of goods.

For imports, the average time taken between entry of the cargo vehicle and lane assessment was 11 hours 46 minutes, while for exports, the corresponding value was 11 hours 38 minutes. The lane assessment time duration has been identified marginally similar in both import and export.

Among the import declarations, first 25% of them were directed to any of the Lanes after the arrival in customs within 51 minutes time (Q1). Similarly, second 25% of the declarations were lane assessed within 3 hours 40 minutes (Q2) whereas third 25% of the declarations got lane assessed within 19 hours 45 minutes (Q3). Regarding export declarations, first 25% declarations were lane assessed within 1 hour 32 minutes (Q1), second 25% declarations were lane assessed within 15 hours 46 minutes (Q2) and third 25% declarations were lane assessed within 17 hours 35 minutes (Q3).

#### Import

- i. The minimum time taken between entry and lane assessment is coined negative as the vehicle may arrive the customs area after the declaration of the SAD in the system.
- ii. The maximum time taken between entry of the vehicle and lane assessment of the SAD during the study period was 11 days, 22 hours and 59 minutes.
- iii. The average, minimum and maximum times taken for those import declarations from India was 11 hours and 52 minutes, negative 1 day 19 hour and 4 minutes, and 11 days 22 hours and 59 minutes respectively.
- iv. The average, minimum and maximum times taken for those import declarations from countries other than India was 10 hours and 17 minutes, negative 1 day 19 hours 6 minutes and 6 days 1 hour respectively.
- v. The average time taken for red lane clearance was 14 hour 59 minutes, whereas the time taken for yellow and green lane clearance was 9 hours 27 minutes and 4 hours and 36 minutes respectively.
- vi. In the Q1, first 25% of declarations directed to Green after arrival within 0 minutes, to Yellow lane within 35 minutes and directed to Red within 1 hours 44 minutes.
- vii. In the Q2, second 25% of declaration were directed to Green within 13 minutes, to yellow within 2 hours 32 minutes and to Red within 13 hours 59 minutes.
- viii. In the Q3, third 25% of the declarations were directed to Green within 3 hours 44 minutes to Yellow within 15 hours 53 minutes and to Red within 21 hours 26 minutes.

#### Export

- i. The Lane assessment of export declarations after the arrival of the vehicle took no time in minimum whereas the maximum time ranged to 20 hours and 57 minutes.
- ii. The average time taken was 11 hours and 38 minutes.

**Table 4D: Time taken from arrival of vehicle to lane assessment**

Desc.	Mean time*	Q1 (1 <sup>st</sup> 25% SAD)	Q2 (Median) (2 <sup>nd</sup> 25% SAD)	Q3(3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
<b>Imports</b>						
Total	0d 11h 46m	0d 0h 51m	0d 3h 40m	0d 19h 45m	-1d 19h 4m	11d 22h 59m
By country of origin						
India	0d 11h 52m	0d 0h 54m	0d 3h 44m	0d 19h 39m	-1d 19h 4m	11d 22h 59m
Other	0d 10h 17m	0d 0h 26m	0d 2h 39m	0d 20h 32m	-1d 19h 6m	6d 1h 0m
By Selectivity (Lane/Channel)						
Green	0d 4h 36m	0d 0h 0m	0d 0h 13m	0d 3h 44m	0d 0h 0m	3d 22h 51m
Yellow	0d 9h 27m	0d 0h 35m	0d 2h 32m	0d 15h 53m	-1d 19h 6m	11d 22h 59m
Red	0d 14h 59m	0d 1h 44m	0d 13h 59m	0d 21h 26m	-1d 19h 4m	9d 3h 34m
<b>Exports</b>						
Total	0d 11h 38m	0d 1h 32m	0d 15h 46m	0d 17h 35m	0d 0h 0m	0d 20h 57m

Note: d, h and m stand for day, hour and minute respectively

\* Mean of middle 90% data

#### Explanation

- i. In comparison to the total average time for the final clearance of the goods after the arrival of vehicle, the average time for lane assessment ranged to 54.56% of total clearance time in import and around 77.04% of total clearance time in export.
- ii. In this manner, the time taken till the lane assessment ranged so high because of following probable reasons:
  - Firstly, the vehicles may arrive any time of the day ranging from early morning to late night, however, the declarants declare the SAD during the day time. This is one of the reasons where the gap between lane assessment of the SAD and arrival of vehicle been pointed.
  - Secondly, while inspecting the cause for the time taken for the lane assessment, we identified that it is because declarants declare the SAD late. While inquiring regarding the delay with the declarants, they claimed that they receive the documents quite late from the owners of the goods.
  - Thirdly, in some cases, even after the arrival of goods and after receiving the documents, the declarant didn't get chance to declare the SAD in the system because of work load or sometimes due to the need of clarification before declaration or some more documentations were still required.
  - Bhairahawa Customs Office has implemented Gate Entry Module, where lane assessment for the SAD is automatically triggered once the vehicle arrives the customs area and a SAD with the vehicle number is declared. When there is a match of both declaration (gate entry and SAD declaration), system in selects the lane for the SAD at the moment they match.

#### 4.1.3 Time Taken from Lane Selectivity to Re-routing to Green (2nd Phase)

Table 4E summarizes the average, minimum and maximum time between the lane assessment of the SADs and the SAD re-routed to Green by designated customs official for final payment. This time range is actual customs clearance process of customs where it includes the process of physical inspection of goods, documentary check, collection of OGA certificates (if required) and customs officer approving the declaration for clearance. Thus, this phase is accounted as

the Second Phase of the study where core-customs procedures are covered.

For imports, the average time taken was 4 hours 1 minutes, while for exports, the corresponding value was 3 hours 1 minutes. It shows that the export clearance process is a bit faster in comparison to import. Among the import declarations, first 25% of them completed second phase within 1 hour 51 minutes time (Q1), second 25% within 3 hours 9 minutes (Q2) whereas third 25% of the declarations within 4 hours 51 minutes (Q3). Regarding export declarations, first 25% declarations completed second phase within 1 hour 30 minutes (Q1), second 25% declarations within 2 hours 38 minutes (Q2) and third 25% declarations within 4 hours 56 minutes (Q3).

### Import

- i. The minimum time taken to re-route the declaration to green after it is lane assessed was 21 minutes.
- ii. The maximum time taken to re-route the declaration to green after it is lane assessed was 1 day, 18 hours and 19 minutes.
- iii. The average, minimum and maximum times taken for those import declarations from India was 4 hours and 2 minutes, 28 minutes, and 1 day 18 hours and 19 minutes respectively.
- iv. The average, minimum and maximum times taken for those import declarations from countries other than India was 3 hours and 39 minutes; 21 minutes; and 1 day 3 hours 3 minutes respectively.
- v. The average time taken for red lane was 5 hours 21 minutes, whereas the time taken for yellow was 2 hours 41 minutes.
- vi. The declarations in Green Lane takes no time, as Green Lane selected declaration can go for payment immediately.
- vii. In the Q1, first 25% of declarations were re-routed to Green after lane assessed to Yellow within 1 hour 18 minutes, and Red were re-routed within 2 hours 35 minutes.
- viii. In the Q2, second 25% of declarations were re-routed to Green after lane assessed to Yellow within 2 hour 13 minutes, and Red were re-routed within 3 hours 53 minutes.
- ix. In the Q3, third 25% of the declarations were re-routed to Green after lane assessed to Yellow within 3 hours 55 minutes, and Red were re-routed within 5 hours 31 minutes.

### Export

- i. The export declarations directed to Red Lane took minimum 1 hour 30 minutes where in maximum it took 4 hours 56 minutes for re-route to green after lane assessment. There were only 3 declarations in red and yellow lane out of 48 declarations.

**Table 4E: Time taken from lane assessment to re-route to green**

Desc.	Mean time*	Q1(1 <sup>st</sup> 25% SAD)	Q2 (Median) (2 <sup>nd</sup> 25% SAD)	Q3(3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
<b>Imports</b>						
Total	0d 4h 1m	0d 1h 51m	0d 3h 9m	0d 4h 51m	0d 0h 21m	1d 18h 19m
By country of origin						
India	0d 4h 2m	0d 1h 58m	0d 3h 13m	0d 4h 59m	0d 0h 28m	1d 18h 19m
Other	0d 3h 39m	0d 0h 53m	0d 1h 21m	0d 3h 9m	0d 0h 21m	1d 3h 3m

Desc.	Mean time*	Q1(1 <sup>st</sup> 25% SAD)	Q2 (Median) (2 <sup>nd</sup> 25% SAD)	Q3(3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
By Selectivity (Lane/Channel)						
Green	0d 0h 0m	0d 0h 0m	0d 0h 0m	0d 0h 0m	0d 0h 0m	0d 0h 0m
Yellow	0d 2h 41m	0d 1h 18m	0d 2h 13m	0d 3h 55m	0d 0h 21m	1d 18h 19m
Red	0d 5h 21m	0d 2h 35m	0d 3h 53m	0d 5h 31m	0d 0h 30m	1d 5h 36m
<b>Exports</b>						
Total	0d 3h 1m	0d 1h 30m	0d 2h 39m	0d 4h 56m	0d 1h 30m	0d 4h 56m

Note: d, h and m stand for day, hour and minute respectively

\* Mean of middle 90% data

### Explanation

- i. In comparison to the total average time for the final clearance of the goods after the arrival of vehicles, the time taken for re-route to green after lane assessment is 20.32% in IMPORT and 17.32% in EXPORT.
- ii. The average time for physical examination of the declarations directed to RED lane was 47 minutes.
- iii. The average time for examination of documents of the declarations directed to Yellow lane was 7 minutes which is remarkably negligible.
- iv. This stage is the actual clearance process which includes various steps: examination of documents, physical examination of goods, collection of certificates from OGAs, Lab reports and finalization by the customs officer. However, there are some reasons because of which the time have been extended:
  - The duration also included the time for collection of certificates from OGAs, lab test and report collections. The center for lab test of foodstuffs, fresh vegetables, fresh fruits and other items were quite far away from the customs office which required lot of time to travel and get the reports back. The average time to get certifications from OGAs was 3 hours 47 minutes for sampled 59 declarations that required certifications of lab test from OGAs.
  - Besides this, the workload among customs officials due to limited staffs deputed in the customs office may have caused time in physical inspections and other steps.
- v. The goods from other countries than India had completed the second phase earlier than goods from India. As mentioned above, the advance valuation process of declarations from other country, where all documentary check and inconsistencies were sorted before arrival of goods in the customs area may decrease the time. However, in the case of goods from India, the customs process begins only after the arrival of goods.

#### 4.1.4 Time Taken from Green to Final Exit of Goods (Third Phase)

Table 4F summarizes the average, minimum, and maximum time of the third phase of the study that covers from re-route to green to the final exit of goods. This phase includes payment of duties and taxes in designated bank in Customs area, approval of the declarations, issue of release order, payment of fees of the ICD, and exit of goods from the ICD (customs area).

For imports, the average time taken was 3 hours 59 minutes, while for exports, the corresponding value was 2 hours 46 minutes.

Among the import declarations, first 25% of them completed the third phase within 1 hour 56 minutes time (Q1), second 25% within 3 hours 11 minutes (Q2) and third 25% of the declarations within 4 hours 25 minutes (Q3).

Regarding export declarations, first 25% declarations completed second phase within 1 hour 46 minutes (Q1), second 25% declarations within 2 hours 28 minutes (Q2) and third 25% declarations within 3 hours 57 minutes (Q3).

### Import

- i. The minimum time taken in the third phase of customs clearance process was 11 minutes and the maximum time taken was 12 days 30 minutes.
- ii. The average, minimum and maximum times taken for those import declarations from India was 3 hours and 59 minutes, 11 minutes, and 12 days 30 minutes respectively.
- iii. The average, minimum and maximum times taken for those import declarations from countries other than India was 3 hours and 58 minutes; 55 minutes; and 1 day 3 hours 33 minutes respectively.
- iv. The average time taken between re-route to green and final exit of the goods selected Green lane, Yellow lane and Red lane was 5 hours 31 minutes, 4 hours 13 minutes and 3 hours and 33 minutes respectively.
- v. In the Q1, first 25% of Green declarations' goods were exited within 5 hours 18 minutes, Yellow declarations within 1 hour 46 minutes and Red declarations within 1 hours 57 minutes.
- vi. In the Q2, second 25% of Green declarations' goods were exited within 4 hours 25 minutes, Yellow declarations within 3 hours 15 minutes and Red declarations within 2 hours 58 minutes.
- vii. In the Q3, third 25% of Green declarations' goods were exited within 6 hours 39 minutes, Yellow declarations within 4 hours 45 minutes and Red declarations within 4 hours 3 minutes.

### Export

- i. The export declarations took minimum 27 minutes where in maximum it took 22 hours 50 minutes.

**Table 4F: Time taken from Green to Final Release (Third Phase)**

Descriptions	Mean time*	Q1 (1 <sup>st</sup> 25% SAD)	Q2 (2 <sup>nd</sup> 25% SAD) (Median)	Q3 (3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
<b>Imports</b>						
Total	0d 3h 59m	0d 1h 56m	0d 3h 11m	0d 4h 25m	0d 0h 11m	12d 0h 30m
By country of origin						
India	0d 3h 59m	0d 1h 16m	0d 3h 16m	0d 4h 26m	0d 0h 11m	12d 0h 30m
Other	0d 3h 58m	0d 1h 43m	0d 2h 38m	0d 4h 5m	0d 0h 55m	1d 3h 33m
By Selectivity (Lane/Channel)						
Green	0d 5h 31m	0d 2h 45m	0d 4h 25m	0d 6h 39m	0d 1h 10m	1d 3h 49m
Yellow	0d 4h 13m	0d 1h 46m	0d 3h 15m	0d 4h 45m	0d 0h 11m	4d 1h 35m
Red	0d 3h 33m	0d 1h 57m	0d 2h 58m	0d 4h 3m	0d 0h 16m	12d 0h 30m
<b>Exports</b>						
Total	0d 2h 46m	0d 1h 46m	0d 2h 28m	0d 3h 57m	0d 0h 27m	0d 22h 50m

Note: d, h and m stand for day, hour and minute respectively

\* Mean of middle 90% data

### Explanation

- i. In comparison to the total average time for the final clearance of the goods after the arrival of vehicle, the time taken in the third phase is 20.15% in IMPORT and around 15.89% in EXPORT.
- ii. Time consumed in this stage is calculated after the declaration has been re-routed to Green until the vehicle exits from the customs area. Payment of Customs duty, Approval by customs officer, Issue of Release Order, Payment of Yard Chargers, Final Exit of goods and filling of VCTS are also the steps which has to be performed during this stage.
- iv. However, the most time taking task in this stage is related to final document sorting: making copies of SAD to be given to each vehicle, billing to be sent to importers by the transports, and the VCTS form to be filled. VCTS was recently introduced by Department of Revenue Investigation where declarants need filling the detail of the goods and drives and transportations detail.
- v. Although, the variation between declarations from India and other country was identified in the second phase, the third phase undergoes same procedure in both the cases. So, only few time differences have been identified in the third stage.

## 4.1.5 Time taken at various other steps

### A. Time taken for physical examination

Table 4G summarizes the average, minimum and maximum time taken for physical examination of the goods. The time of physical examination, a part of the Second Phase, is for the declarations directed to RED lane only.

For imports, the average time taken was 47 minutes, while for exports, the corresponding value was 8 minutes only.

The physical inspection of first 25% of the import declarations were completed within 18 minutes, where second 25% of the declarations were completed within 35 minutes and 3<sup>rd</sup> 25% of the declarations were completed within 1 hour 5 minutes. Among the export declaration, the physical inspection of first 25% of declarations were completed within 8 minutes, where second 25% of the declarations were completed within 8 minutes and third 25% of the declarations were completed within 10 minutes.

### Import

- i. The minimum time taken for the physical inspection of goods was very nominal where the maximum time taken was 1 day 21 minutes.
- ii. The average, minimum and maximum times taken for those import declarations from India was 48 minutes, 1 minutes, and 1 days 21 minutes respectively.
- iii. The average, minimum and maximum times taken for those import declarations from countries other than India was 39 minutes; 13 minutes; and 2 hours 4 minutes respectively.

### Export

- i. The export declarations took minimum 6 minutes where in maximum it took 10 minutes for physical examination of the declarations directed to RED lane.

**Table 4G: Time taken for Physical Examination**

Descriptions	Mean time*	Q1(1 <sup>st</sup> 25% SAD)	Q2 (2 <sup>nd</sup> 25% SAD) (Median)	Q3(3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
<b>Imports</b>						
Total	0d 0h 47m	0d 0h 18m	0d 0h 35m	0d 1h 5m	0d 0h 1m	1d 0h 21m
By country of origin						
India	0d 0h 48m	0d 0h 18m	0d 0h 37m	0d 1h 5m	0d 0h 1m	1d 0h 21m
Other	0d 0h 39m	0d 0h 22m	0d 0h 30m	0d 0h 35m	0d 0h 13m	0d 2h 4m
By selectivity (Lane/Channel)						
Red	0d 0h 47m	0d 0h 18m	0d 0h 35m	0d 1h 5m	0d 0h 1m	1d 0h 21m
<b>Exports</b>						
Total	0d 0h 8m	0d 0h 6m	0d 0h 8m	0d 0h 10m	0d 0h 6m	0d 0h 10m

Note: d, h and m stand for day, hour and minute respectively

\* Mean of middle 90% data

### Import

- i. The average time for physical examination of goods is 47 minutes for import declaration in RED lane. It is normal to take some time for detail examination of goods directed to RED lane. It includes process of documentary check, OGA certifications, physical examination of goods, cross verification, consultation and decision making too.
- ii. The minimum time is very less which is 1 minute. Such cases were recorded for perishable goods, diplomatic goods and some goods prohibited to be examined like explosives during the study period.
- iii. Some declarations have consumed lot of time for the physical examination of the goods. In this study, the reason mentioned by traders required some additional documents from other governmental agencies like transport authority, laboratory or Ministry. At the stage of physical examination, customs officers also usually go through the documents submitted and demands additional documents/OGA certificates when required. In such cases, the time was extended till the document have been submitted.
- iv. The physical examination time, in general, was similar in both the origin goods. Although the mean time of other country is lower, minimum time for other countries has been higher than India as the inspection the goods from other country were performed with the team of valuation, which extends the time of inspection in general.
- v. There are only few numbers of declarations from other nations, so the total time has not been tempered by the time taken in the declarations from other nations.

### B. Time taken for examination of documents

Table 4H summarizes the average, minimum, and maximum time taken for examination of documents of declarations directed to Yellow lane. The time for examination of documents, a part of the Second Phase, was recorded for the declarations selected for Yellow lane only.

For import, the average time taken was 7 minutes, while for export, the corresponding value was 3 minutes for examination of documents.

The document check of first 25% of the declarations were completed within 4 minutes, where second 25% of the declarations were completed within 6 minutes and third 25% of the declarations were completed within 10 minutes.

### Import

- i. The minimum time taken for examination of documents was 0 minutes whereas the maximum time was 1 hour 2 minutes
- ii. The average, minimum and maximum times taken for the declarations imported from India was 7 minutes, 0 minute and 1 hour 2 minutes respectively.
- iii. The average, minimum and maximum time taken for the declarations imported from the countries other than India was 6 minutes, 0 minutes and 21 minutes respectively.

### Export

- i. The export declarations selected for yellow lane took minimum 3 minutes for examination of documents in general.
- ii. There was only one export declaration directed to Yellow.

**Table 4H: Time taken for Examination of Documents**

Descriptions	Mean time*	Q1(1 <sup>st</sup> 25% SAD)	Q2 (2 <sup>nd</sup> 25% SAD) (Median)	Q3(3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
<b>Imports</b>						
Total	0d 0h 7m	0d 0h 4m	0d 0h 6m	0d 0h 10m	0d 0h 0m	0d 1h 2m
By country of origin						
India	0d 0h 7m	0d 0h 4m	0d 0h 6m	0d 0h 10m	0d 0h 0m	0d 1h 2m
Other	0d 0h 6m	0d 0h 3m	0d 0h 5m	0d 0h 10m	0d 0h 0m	0d 0h 21m
By Selectivity (Lane/Channel)						
Yellow	0d 0h 7m	0d 0h 4m	0d 0h 6m	0d 0h 10m	0d 0h 0m	0d 1h 2m
<b>Exports</b>						
Total	0d 0h 3m	0d 0h 3m	0d 0h 3m	0d 0h 3m	0d 0h 3m	0d 0h 3m

Note: d, h and m stand for day, hour and minute respectively

\* Mean of middle 90% data

### Explanation

- i. The time spent on examination of documents in general is recorded very short.
- ii. However, some declarations required more clarifications and additional documents as discussed above, the time extends unless the additional documents are submitted to customs. The maximum time has been ranged to 1 hour 2 minutes.
- iii. While observing by the country of origin, in comparison goods from other country took less time than from India. As mentioned above, the document of other countries is pre-examined by the valuation team, even before arrival of the goods.

## C. Time taken for OGAs certification

Table 4I summarizes the average, minimum, and maximum time taken for OGAs certification of the goods that require recommendations and laboratory reports from other governmental agencies.

For import, the average time taken was 3 hours 47 minutes, while for export, there were no declarations recorded during study period that require OGAs certifications.



During study period, among all samples, 59 declarations were recorded that required OGA certifications, first 25% cases submitted them within 2 hours 30 minutes, second 25% case within 3 hours 37 minutes and third 25% within 4 hours 50 minutes.

<b>Import</b>	
i.	The minimum time taken for OGA certification was 4 minutes whereas the maximum time was 19 hours 45 minutes.
ii.	The average, minimum and maximum time taken for the declarations imported from India was 3 hours 42 minutes, 4 minutes and 8 hours 19 minutes respectively.
iii.	The average, minimum and maximum times taken for the declarations imported from the countries other than India was 19 hours 45 minutes as there was only 1 declaration in that category.
iv.	The average time taken for OGA certification of the declarations directed to RED, YELLOW and GREEN lane were 3 hours 46 minutes, 3 hours 51 minutes and 2 hours 30 respectively.
v.	Due to the recently issuance of mandatory provision of quarantine certification of vegetables and fruits, Green lane clearance has also recorded OGA time.

**Table 4I: Time taken for OGA Certification**

Desc.	Mean time*	Q1(1 <sup>st</sup> 25% SAD)	Q2 (2 <sup>nd</sup> 25% SAD) (Median)	Q3(3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
<b>Imports</b>						
Total	0d 3h 47m	0d 2h 30m	0d 3h 37m	0d 4h 50m	0d 0h 4m	0d 19h 45m
By country of origin						
India	0d 3h 42m	0d 2h 30m	0d 3h 34m	0d 4h 50m	0d 0h 4m	0d 8h 19m
Other	0d 19h 45m	0d 19h 45m	0d 19h 45m	0d 19h 45m	0d 19h 45m	0d 19h 45m
By Selectivity (Lane/Channel)						
Green	0d 2h 30m	0d 2h 30m	0d 2h 30m	0d 2h 30m	0d 2h 30m	0d 2h 30m
Yellow	0d 3h 51m	0d 2h 31m	0d 3h 45m	0d 4h 45m	0d 0h 4m	0d 19h 45m
Red	0d 3h 46m	0d 2h 30m	0d 3h 37m	0d 4h 57m	0d 1h 25m	0d 7h 20m
<b>Exports</b>						
Total	0d 0h 0m	0d 0h 0m	0d 0h 0m	0d 0h 0m	0d 0h 0m	0d 0h 0m

Note: d, h and m stand for day, hour and minute respectively

\* Mean of middle 90% data

### Explanation

- i. The average time of the OGA certification has been pointed higher by the study, and where enquired about the reasons, following reasons were found:
  - For the goods that needed lab tests, the center/office for lab test of vegetables, fruits and other items were quite far away from the customs office which required huge amount of time to travel and get reports.
  - Some lab tests required certain time to analyze the sample before certifications, in such cases, the time for OGA certificate was extended.
  - Some OGA certifications required layers of decision making, it ranged from field office to Ministry. In such multi-layered decision making, OGA certifications required additional time.
- ii. However, a lab of limited capacity for general test was available in the customs premises where the test certificates were issued faster in few minutes.
- iii. The OGA certification for the goods from other countries has been identified much higher in comparison to goods from India. However, there was a single case of which OGA was required for the goods of other countries.

## D. Time taken between Re-routing to Green and Payment

Table 4J summarizes the average, minimum, and maximum time taken from re-route to green to payment of duties and taxes of goods.

For imports, the average time taken was 39 minutes, while for export; the corresponding value was 46 minutes. Regarding payment of import declarations, first 25% of the declaration were paid after routed to green within 6 minutes, second 25% were paid within 17 minutes and third 25% were paid within 49 minutes. Among export declarations, first 25% of the declarations were paid within 26 minutes, second 25% were paid within 35 minutes and third 25% were paid within 57 minutes.

### Import

- i. The minimum time taken between re-route to green' and payment of the duties and taxes of the goods was 0 minutes, whereas, the maximum time taken was 11 days 21 hours 21 minutes.
- ii. The average, minimum and maximum times taken for those declarations imported from India was 41 minutes, 0 minute and 11 days 21 hours 21 minutes respectively.
- iii. The average, minimum and maximum time taken for those declarations imported from the countries other than India was 9 minutes, 1 minute and 22 hours 10 minutes respectively.
- iv. The average time taken for payment after re-routing of the declarations to green for GREEN, Yellow and RED declarations were 2 hours 4 minutes, 38 minutes and 30 minutes respectively.

### Export

- i. The export declarations took minimum 2 minutes between re-routing to green and payment of duties and taxes where in maximum it took 8 minutes.

**Table 4J: Time taken between Re-route to green and payment of duties and taxes.**

Descriptions	Mean time*	Q1(1 <sup>st</sup> 25% SAD)	Q2 (2 <sup>nd</sup> 25% SAD) (Median)	Q3(3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
<b>Imports</b>						
Total	0d 0h 39m	0d 0h 6m	0d 0h 17m	0d 0h 49m	0d 0h 0m	11d 21h 21m
By country of origin						
India	0d 0h 41m	0d 0h 7m	0d 0h 19m	0d 0h 51m	0d 0h 0m	11d 21h 21m
Other	0d 0h 9m	0d 0h 3m	0d 0h 5m	0d 0h 13m	0d 0h 1m	0d 22h 10m
By Selectivity (Lane/Channel)						
Green	0d 2h 4m	0d 0h 32m	0d 1h 13m	0d 2h 59m	0d 0h 13m	0d 23h 18m
Yellow	0d 0h 38m	0d 0h 5m	0d 0h 13m	0d 0h 46m	0d 0h 0m	3d 21h 10m
Red	0d 0h 30m	0d 0h 7m	0d 0h 20m	0d 0h 42m	0d 0h 1m	11d 21h 21m
<b>Exports</b>						
Total	0d 0h 46m	0d 0h 26m	0d 0h 35m	0d 0h 57m	0d 0h 2m	0d 15h 40m

Note: d, h and m stand for day, hour and minute respectively

\* Mean of middle 90% data

### Explanation

- i. In general, after completion of customs procedures traders immediately paid the revenue at the bank located inside the customs area. In some cases, the broker gets to the queue of the bank even before the declaration is re-routed to green. In such cases, the time was minimum.
- ii. However, in case of some declarations the maximum time was ranged to 11 days. The payment is always directly related to importer making the payment ready for assessed revenue (customs duty, excise and VAT).
- iii. Trades and customs agents reported that in some cases, the importers failed to arrange the payment for some days or in some cases the cheques were rejected for payment due to some reasons which delayed the payment.
- iv. In respect to the declarations directed to GREEN, the average time and minimum time was recorded quite higher than that of the declarations directed to Yellow and Red lane. It is because the declarants don't treat the declarations as per the lane selected. They treat all types of declarations as one, either they are selected Green or Red
- v. The declarants collect all the SADs - Red, Yellow and Green together and made the payment together at the bank after completing all the procedures of all SADs.
- vi. The duty payment time for declarations from other countries has been comparatively less than the declarations from India. In such context, the declarants don't process for customs clearance unless the payment cheque or cash has been received by him. As they have the payment in hand, the declarations from other countries are paid immediately after it is re-routed to green.

## E. Time taken between Payment at the bank and approval of the SAD

Table 4K summarizes the average, minimum, and maximum time taken between payment of duties and taxes and the approval of the SAD. The approval process refers to the final signature of the customs officer in the SAD and certifying the bank documents after the payment of duties and taxes.

For imports, the average time taken was 21 minutes, while for export, the corresponding value was 12 minutes. Among the import declarations, first 25% of the declarations were approved within 7 minutes, second 25% were paid within 13 minutes and third 25% were approved within 30 minutes. Whereas among export declarations, first 25% of the declarations were approved within 6 minutes, second 25% were approved within 10 minutes and third 25% got approved within 17 minutes.

### Import

- i. The minimum time taken between payment and approval of SAD was 0 minutes whereas the maximum time was 18 hours 36 minutes.
- ii. The average, minimum and maximum times taken for the declarations imported from India was 21 minutes, 0 minute and 18 hours 36 minutes respectively.
- iii. The average, minimum and maximum times taken for the declarations imported from the countries other than India was 12 minutes, 0 minutes and 1 hour 10 minutes respectively.
- iv. The average time taken until approval after payment of duties and taxes for declarations selected for Green, Yellow and Red lane was 13 minutes, 15 minutes and 28 minutes respectively.

### Export

- i. The export declarations took minimum 0 minutes where in maximum it took 1 hour 28 minutes between payment and final approval of SAD.

**Table 4K: Time taken between Payment at the bank and approval of SAD**

Descriptions	Mean time*	Q1(1 <sup>st</sup> 25% SAD)	Q2(2 <sup>nd</sup> 25% SAD) (Median)	Q3(3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
<b>Imports</b>						
Total	0d 0h 21m	0d 0h 7m	0d 0h 13m	0d 0h 30m	0d 0h 0m	0d 18h 36m
By country of origin						
India	0d 0h 21m	0d 0h 7m	0d 0h 14m	0d 0h 32m	0d 0h 0m	0d 18h 36m
Other	0d 0h 12m	0d 0h 5m	0d 0h 9m	0d 0h 13m	0d 0h 0m	0d 1h 10m
By Selectivity (Lane/Channel)						
Green	0d 0h 13m	0d 0h 7m	0d 0h 14m	0d 0h 18m	0d 0h 0m	0d 0h 47m
Yellow	0d 0h 15m	0d 0h 6m	0d 0h 11m	0d 0h 22m	0d 0h 0m	0d 4h 46m
Red	0d 0h 28m	0d 0h 8m	0d 0h 20m	0d 0h 48m	0d 0h 0m	0d 18h 36m
<b>Exports</b>						
Total	0d 0h 12m	0d 0h 6m	0d 0h 10m	0d 0h 17m	0d 0h 0m	0d 1h 28m

Note: d, h and m stand for day, hour and minute respectively

\* Mean of middle 90% data

### Explanation

- i. The time taken between payment of the duties and taxes and approval of SAD by the customs officers was very short. It was the time taken by the declarant to go to customs officer from the bank to produce certificate of payment (receipt).
- ii. In some cases, the customs officer facilitates, for faster clearance, by approving the declaration even before the receipt is generated or in some cases, a broker's assistant would be queuing for bank receipt and another in the queue to customs desk for approval. In such context, the minimum time recorded has been recorded very few.
- iii. It is to be noted that "re-route to green" of a SAD itself is termed as final approval in system, so, customs staffs facilitate by signing the document immediately. The ASYCUDA system have the control mechanism that without payment the declaration cannot get release order and without release order no vehicle can get away from customs.
- iv. However, in some cases, the declarants had collected all the SADs under taken by them for that day and submitted to the customs officer for the approval lately.
- v. In some other cases, customs officer had allowed the declarant to complete the procedures before submitting some documentations with SAD for approval. In such cases, approval of SAD was given after submitting that document.
- vi. It is recorded that, in some cases, the time was extended due to limited customs staffs to carry out their job in time, over workload,

## F. Time taken between Approval of SAD and Issuance of Exit Note

Table 4L summarizes the average, minimum, and maximum time taken between final approval of the SAD by the customs officer and issuance of exit note. After the SADS was signed by the officers, the declarants processed to the EXIT Note section to get the slip of release order. For Import, EXIT NOTE was generated whereas for export EXPORT NOTE was generated.

For imports, the average time taken was 19 minutes, while for export; the corresponding value was 9 minutes.

Among the import declarations, first 25% of the declaration's Exit Note were issued after approval within 6 minutes, second 25% within 13 minutes and third 25% got release order within 31 minutes. Whereas among export declarations, first 25% of the declarations' Export Note were issued after approval within 4 minutes, second 25% within 9 minutes and third 25% got release order within 12 minutes.

### Import

- i. The minimum time taken between Approval of SAD and issuance of EXIT NOTE was 0 minutes whereas the maximum time was 16 hours 7 minutes.
- ii. The average, minimum and maximum time taken for the declarations imported from India was 20 minutes, 0 minute and 16 hours 7 minutes respectively.
- iii. The average, minimum and maximum times taken for those declarations imported from the countries other than India was 12 minutes, 0 minutes and 1 hour 52 minutes respectively.
- iv. The average time taken for declarations selected for Green, Yellow and Red lane was 14 minutes, 15 minutes and 25 minutes respectively.

### Export

- i. The export declarations took minimum 0 minutes where in maximum it took 38 minutes.

**Table 4L: Time taken between approval of SAD and issuance of exit note**

Descriptions	Mean time*	Q1(1 <sup>st</sup> 25% SAD)	Q2 (2 <sup>nd</sup> 25% SAD) (Median)	Q3(3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
<b>Imports</b>						
Total	0d 0h 19m	0d 0h 6m	0d 0h 13m	0d 0h 31m	0d 0h 0m	0d 16h 7m
By country of origin						
India	0d 0h 20m	0d 0h 6m	0d 0h 14m	0d 0h 32m	0d 0h 0m	0d 16h 7m
Other	0d 0h 12m	0d 0h 4m	0d 0h 9m	0d 0h 18m	0d 0h 0m	0d 1h 52m
By Selectivity (Lane/Channel)						
Green	0d 0h 14m	0d 0h 4m	0d 0h 9m	0d 0h 25m	0d 0h 0m	0d 3h 9m
Yellow	0d 0h 15m	0d 0h 5m	0d 0h 10m	0d 0h 26m	0d 0h 0m	0d 2h 58m
Red	0d 0h 25m	0d 0h 7m	0d 0h 17m	0d 0h 38m	0d 0h 0m	0d 16h 7m
<b>Exports</b>						
Total	0d 0h 9m	0d 0h 4m	0d 0h 9m	0d 0h 12m	0d 0h 0m	0d 0h 38m

Note: d, h and m stand for day, hour and minute respectively

\* Mean of middle 90% data

#### Explanation

- i. This stage is similar to previous one, the time taken between approval of SAD by the customs officers and issuance of exit note was very short. It was the time taken by the declarant to go to customs officer to get the Exit Note.
- ii. However, as discussed above, some declarants having multiple SADs had arranged all the SADs together and submitted it at once for the issuance of release order. In such cases the record time was extended.
- iii. In some cases, the condition of loaded means of transport were found to be maintained and the goods were shifted to another means of transport. The declarant had submitted SAD for issuance of exit note after loading the goods in another means of transport. In this case it took a longer time to get the Exit Note.
- iv. In some cases, the time was lengthened due to limited customs staffs to carry out their job on time because of workload.

#### G. Time taken between Issuance of the Exit Note and Final Exit of Goods

Table 4M summarizes the average, minimum and maximum time taken between issuance of the release order and final exit of goods with their means of transport. After generating the release order the declarants made final arrangements and made the payments for the parking and warehouse charges and took the goods out from customs premise.

For imports, the average time taken was 1 hour 52 minutes, while for exports, the corresponding value was 1 hour 34 minutes.

Among the import declarations that got release order, first 25% of them exited from customs within 57 minutes, second 25% declarations within 1 hour 30 minutes and third 25% declarations within 2 hours 22 minutes.

Whereas among export declarations of which release order were issued, first 25% of the declarations exited from customs within 30 minutes, second 25% declarations within 1 hour 26 minutes and third 25% declarations within 2 hours 20 minutes.

### Import

- i. The minimum time taken was 4 minutes whereas the maximum time taken was 1 day 3 hours 14 minutes.
- ii. The average, minimum and maximum time taken for those declarations imported from India was 1 hour 50 minutes, 4 minute and 1 day 3 hour 1 minutes respectively.
- iii. The average, minimum and maximum time taken for those declarations imported from the countries other than India was 2 hours 26 minutes, 32 minutes and 1 day 3 hours 14 minutes respectively.
- iv. The average time taken for the declarations directed to Green, Yellow and Red lane was 2 hours 25 minutes, 2 hours 18 minutes and 1 hour 29 minutes.

### Export

- i. The export declarations took minimum 11 minutes where in maximum it took 7 hours 1 minute between issuance of the release order and exit of the means of transport from customs premise.

**Table 4M: Time taken between Issuance of the Exit Note and Final Exit of Goods**

Descriptions	Mean time*	Q1(1 <sup>st</sup> 25% SAD)	Q2 (2 <sup>nd</sup> 25% SAD) (Median)	Q3(3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
<b>Imports</b>						
Total	0d 1h 52m	0d 0h 57m	0d 1h 30m	0d 2h 22m	0d 0h 4m	1d 3h 14m
By country of origin						
India	0d 1h 50m	0d 0h 56m	0d 1h 29m	0d 2h 20m	0d 0h 4m	1d 3h 1m
Other	0d 2h 26m	0d 1h 7m	0d 2h 1m	0d 3h 32m	0d 0h 32m	1d 3h 14m
By Selectivity (Lane/Channel)						
Green	0d 2h 25m	0d 1h 16m	0d 1h 44m	0d 2h 51m	0d 0h 30m	0d 12h 42m
Yellow	0d 2h 18m	0d 1h 0m	0d 1h 43m	0d 2h 55m	0d 0h 4m	1d 3h 14m
Red	0d 1h 29m	0d 0h 49m	0d 1h 18m	0d 2h 1m	0d 0h 4m	0d 19h 7m
<b>Exports</b>						
Total	0d 1h 34m	0d 0h 30m	0d 1h 26m	0d 2h 20m	0d 0h 11m	0d 7h 1m

Note: d, h and m stand for day, hour and minute respectively

\* Mean of middle 90% data

## Explanation

- i. This is the final stage where customs had already issued the release order of the goods.
- ii. In this stage, after issuance of release order, the declarants had to arrange the documents to be sent to the importers, made payment of the parking and warehouse charges of the ICD, Issuance the bill of clearing charges to the importers and finally submitted VCTS information online.
- iii. In general, the time extends when Transporters have to rearrange the documents and issue bills to the importers and submit VCTS with information online.
- iv. In some cases, the time is further extended when means of transport get damaged and it needs to be repaired or transfer of goods.
- v. The average time between issuance of release note (exit note / export note) and exit of means of transport of goods was seen comparably higher as shown in the table 4E and 4F above.
- vi. The average time for exit of goods after issuance of release note was 8.66% of total clearance time in IMPORT and around 10.38% of total clearance time in EXPORT.
- vii. This showed that the process between clearance and exit of the goods has taken a long time. Some of the reasons behind this were as follows:
  - The declarants had to submit necessary information of the SAD after clearance of goods by the customs to VCTS online. After the successful declaration in VCTS, the vehicle proceeds to exit. This may take time to compliance in this stage.
  - Secondly, the transporters take some time to issue the bills to the owners of the goods after the issuance of release notes.
  - As regards to EXPORT declarations, traders reported that the exit of the goods after issuance of the release order took longer time to get approval from the counterpart customs station for entrance. After getting the release note from Nepal customs, the information of the goods released for export was needed to be shared with importing customs (India only). When importing customs assured that the goods were eligible for import then the means of transport carrying goods was exited from premise of Nepal customs and proceeded.
- viii. The time spent in this section for the declarations from India is lower than the declarations from other country. In general, goods from other country arrive in containers; the goods are in some cases transferred to another trucks, in other cases they require to seal the containers and prepare documentations in compared to goods from India that come in trucks.

## H. Summary of time taken in each phase

To get a bird's eye view of the total time taken in each of the processing phases, below is a consolidated summary picture. It shows the separate time taken at each of the three phases as well as for separate stages within the process as well.

The data is presented in quartiles for each phases and stages to give easy picture of the time taken by certain volume of declarations cleared for any particular phase/stage. Percentage below each time tells the phase/stage took that much percentage of time out of the total average. For example, 59.5% of the total time was taken by Phase I. Similarly, it shows that 9.4% of the total time is taken for the issuance of Exit Note and then final exit of the goods from customs area.



**Table 4N: Summary of the time taken in each phase.**  
**Imports**

Description	Mean time	Q1 (1 <sup>st</sup> 25% SAD)	Q2 (2 <sup>nd</sup> 25% SAD)	Q3 (3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
Arrival - Exit	0d 19h 46m (100%)	0d 7h 20m	0d 18h 57m	1d 5h 42m	0d 1h 13m	13d 6h 1m
Phase I (Arrival to Lane Assessment)	0d 11h 46m (59.5%)	0d 0h 51m	0d 3h 40m	0d 19h 45m	-1d 19h 4m	11d 22h 59m
Phase II (Lane assessment to reroute to green)	0d 4h 1m (20.3%)	0d 1h 51m	0d 3h 9m	0d 4h 51m	0d 0h 21m	1d 18h 19m
Phase III( Green to Final exit)	0d 3h 59m (20.2%)	0d 1h 56m	0d 3h 11m	0d 4h 25m	0d 0h 11m	12d 0h 30m
Physical Inspection	0d 0h 47m (4.0%)	0d 0h 18m	0d 0h 35m	0d 1h 5m	0d 0h 1m	1d 0h 21m
Documentary Check	0d 0h 7m (0.6%)	0d 0h 4m	0d 0h 6m	0d 0h 10m	0d 0h 0m	0d 1h 2m
OGA Certification	0d 3h 47m (19.1%)	0d 2h 30m	0d 3h 37m	0d 4h 50m	0d 0h 4m	0d 19h 45m
Route - Payment	0d 0h 39m (3.3%)	0d 0h 6m	0d 0h 17m	0d 0h 49m	0d 0h 0m	11d 21h 21m
Payment- Approval	0d 0h 21m (1.8%)	0d 0h 7m	0d 0h 13m	0d 0h 30m	0d 0h 0m	0d 18h 36m
Approval-Exit note	0d 0h 19m (1.6%)	0d 0h 6m	0d 0h 13m	0d 0h 31m	0d 0h 0m	0d 16h 7m
Exit note – Final Exit	0d 1h 52m (9.4%)	0d 0h 57m	0d 1h 30m	0d 2h 22m	0d 0h 4m	1d 3h 14m

## Exports

Desc.	Mean time	Q1 (1 <sup>st</sup> 25% SAD)	Q2 (2 <sup>nd</sup> 25% SAD)	Q3 (3 <sup>rd</sup> 25% SAD)	Minimum	Maximum
Arrival - Exit	0d 17h 25m (100%)	0d 5h 41m	0d 18h 29m	0d 21h 33m	0d 1h 19m	1d 1h 40m
Phase I (Arrival to Lane Assessment)	0d 11h 38m (66.8%)	0d 1h 32m	0d 15h 46m	0d 17h 35m	0d 0h 0m	0d 20h 57m
Phase II (Lane assessment to reroute to green)	0d 3h 1m (17.3%)	0d 1h 30m	0d 2h 39m	0d 4h 56m	0d 1h 30m	0d 4h 56m
Phase III( Green to Final exit)	0d 2h 46m (15.9%)	0d 1h 46m	0d 2h 28m	0d 3h 57m	0d 0h 27m	0d 22h 50m
Physical Inspection	0d 0h 8m (0.8%)	0d 0h 6m	0d 0h 8m	0d 0h 10m	0d 0h 6m	0d 0h 10m
Document Check	0d 0h 3m (0.3%)	0d 0h 3m	0d 0h 3m	0d 0h 3m	0d 0h 3m	0d 0h 3m
OGA Certification	0d 0h 0m	0d 0h 0m	0d 0h 0m	0d 0h 0m	0d 0h 0m	0d 0h 0m
Route - Payment	0d 0h 46m (4.4%)	0d 0h 26m	0d 0h 35m	0d 0h 57m	0d 0h 2m	0d 15h 40m
Payment – Approval	0d 0h 12m (1.1%)	0d 0h 6m	0d 0h 10m	0d 0h 17m	0d 0h 0m	0d 1h 28m
Approval - Exit	0d 0h 9m (0.9%)	0d 0h 4m	0d 0h 9m	0d 0h 12m	0d 0h 0m	0d 0h 38m
Exit note – Goods Exit	0d 1h 34m (9.9%)	0d 0h 30m	0d 1h 26m	0d 2h 20m	0d 0h 11m	0d 7h 1m

## 4.2 Percentage of time spent in stages for clearance process

### A. Percentage of Time spent in broad stages for clearance process

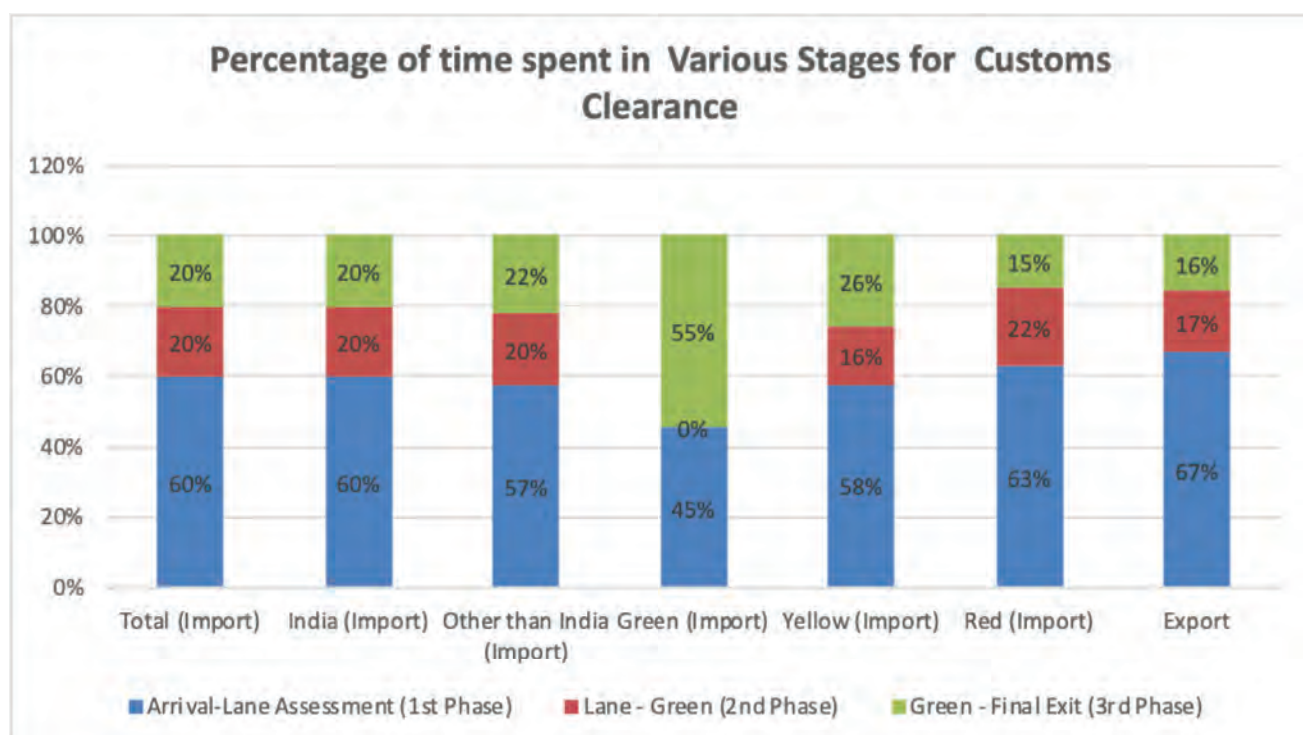
The graph 4A provides the percentage of time taken at broad stages for clearance process at Bhairahawa customs for import and export. The total customs clearance procedures have been classified into three phases which has covered various steps in broad manner:

1. First Phase of clearance: from Arrival of Vehicle to selection of Lane (Entry of Vehicle, registration of SAD and selection of lane)
2. Second Phase of clearance: from selection of Lane to re-route to Green (Documentary Check, Physical examination, OGA certifications, re-route to green)
3. Third Phase of clearance: from reroute to Green to Exit of Goods (Payment of duties and taxes, Approval of SAD, Release order and Exit of goods)

For imports, out of total time from arrival of goods to exit of goods, 60% of time was consumed in preparing documents (arrival to lane selection i.e. First Phase), only 20% of time was consumed by customs and 20% time was consumed during the third phase of clearance. Such timings for other categories of imports e.g. by country of origin and By Selectivity (Lane/Channel) are shown in the graph 4A.

Likewise, for exports, out of total time from arrival of goods to exit of goods, 67% of time was consumed in preparing the documents i.e. First Phase, only 17% of time was consumed by customs in Second Phase and 16% time was consumed in third phase of the customs clearance procedure. Such timing for exports By Selectivity (Lane/Channel) are also shown in the graph 4A.

**Graph 4A: Percentage of time spent in various stages for Customs clearance**

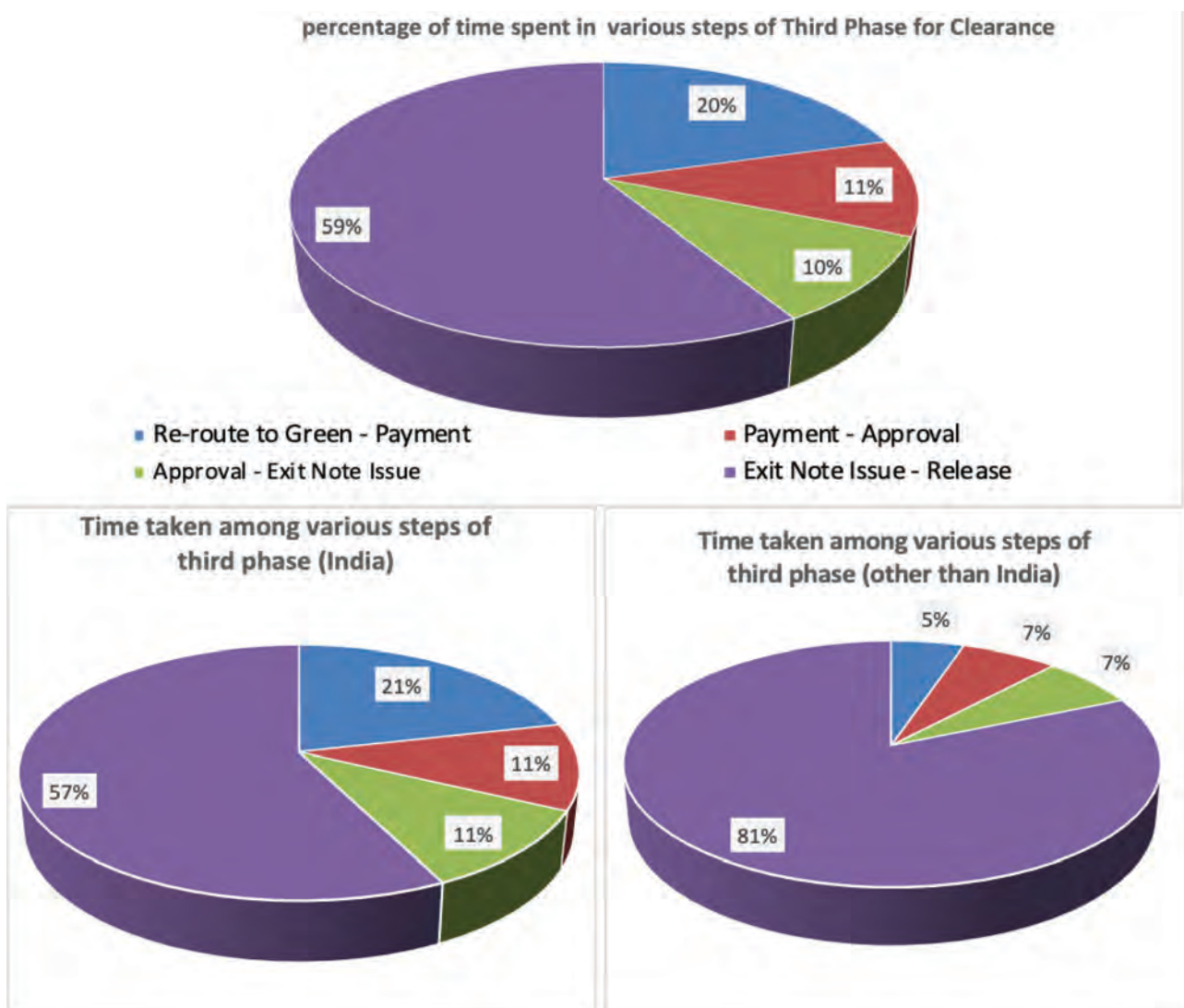


## B. Percentage of Time spent in various stages of Third Phase for clearance process

The graph 4B provides the time taken in percentage at various stages of third phase clearance process of Import declarations.

For imports, out of total time consumed in third phase, 59% of time was consumed after issuance of release order to exit of goods and 20% time was consumed after routed the declaration to green to the payment of duties and taxes. In regards to goods imported from India, 57% time was consumed between release order and exit of goods and 21% between re-route to green to payment of duties and taxes. However, in case of goods imported Other, the stage between issuance of release order and exit of goods took 81% time of third phase.

**Graph 4B: Percentage of time spent in Third Phase for clearance of IMPORT**



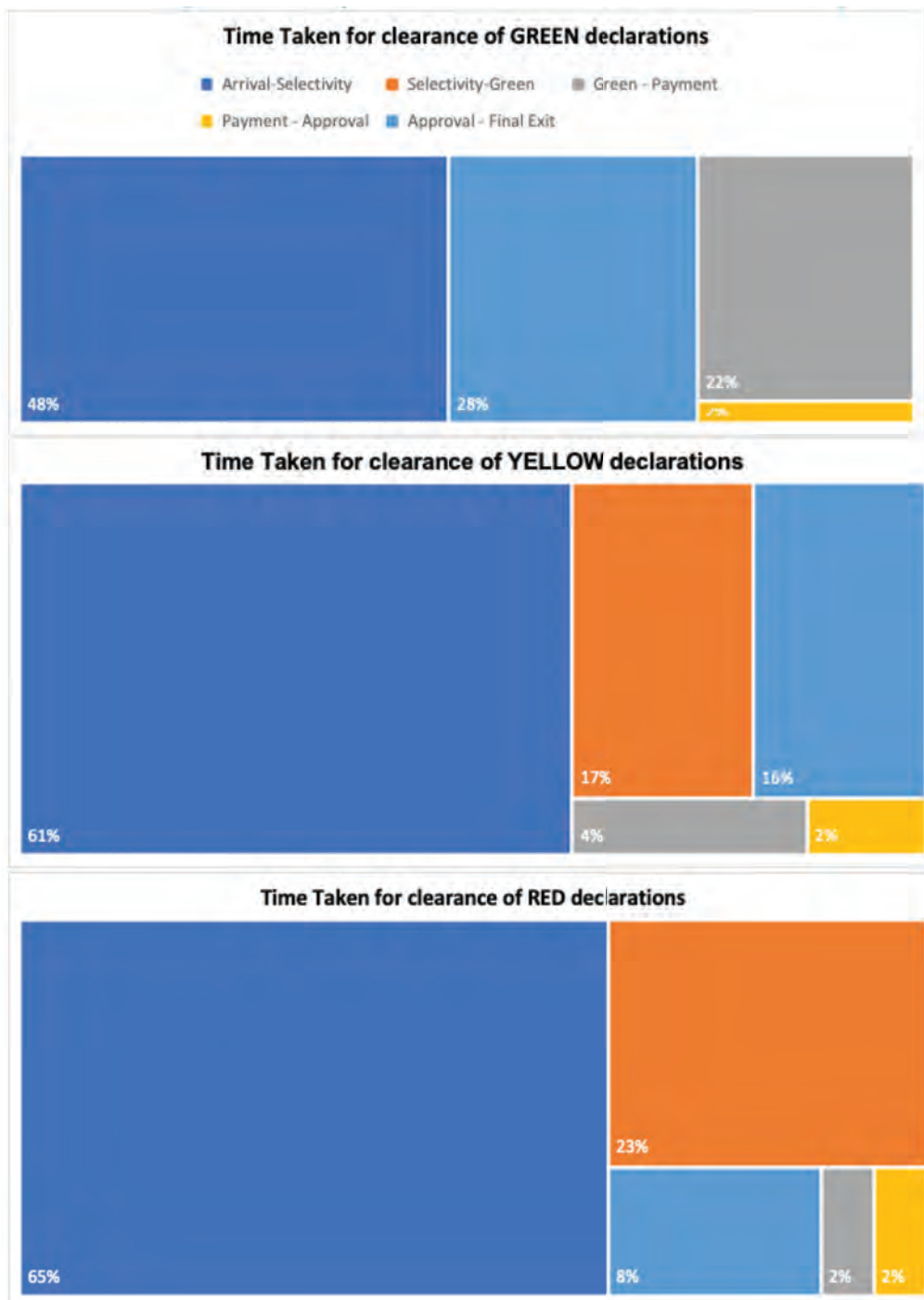
The graph 4B presents the percentage of time taken in the third phase of clearance of import consignments. In the third phase, 59% of time duration is spent till final exit of goods from customs premises after customs issues release order for the vehicles, which is 57% in case of consignments from India and 81% for the Imports away from India. The time span spent in this

interval is very high when customs has already issued release order. Similarly, a higher time portion is spent between the payment of taxes after customs re-routes the declaration to green allowing the payment. The rest intervals during payment to approval and approval to issue of exit note are recorded justifiable.

### Percentage of time spent in various stages for clearance according to LANE

The graph 4C provides the percentage of time spent in various stages for clearance process in regards to their LANE selectivity. The graph C clarifies the time span spent during various stages.

**Graph 4C: Percentage of time spent in Customs clearance according to Lane**



The graph 4C above specifically presents the time taken for the declarations declared in RED, Yellow and Green Lane where the graph emphasizes the major time spent in the clearance process. In all three lane declarations, a huge portion of time is spent during Arrival to Lane Selectivity. As lane selectivity is automated in Bhairahawa Customs Office, as soon as the declaration is properly made and the vehicle enters the customs premises, selectivity is triggered.

Another interval, selectivity to green, which is also core customs interval that reflects actual customs clearance process took 17% time for yellow and 23% time for red lane declarations among total clearance time.

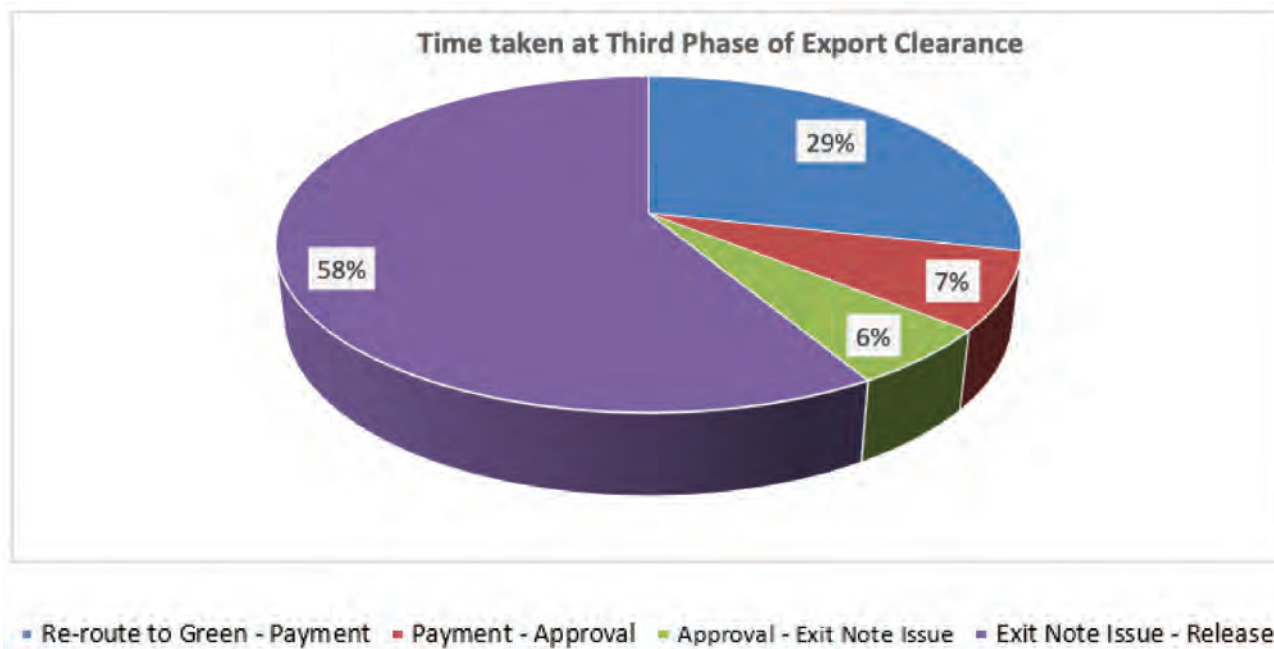
Other intervals of green to payment, payment to approval, approval to final exit spent reasonable time in Yellow and Red lane declarations. However, for the green declarations, it took more than 50% time from payment to final exit of goods.

### C. Percentage of time spent in various stages for clearance of Export

The graph 4D provides the percentage of time spent in various stages for clearance process of Export Declarations.

For exports, out of total time in third phase, 58% of time was consumed after issuance of release order by customs up to exit of goods and 29% time was consumed after rerouting the declaration to Green lane to payment of duties and taxes.

**Graph 4D: Percentage of time spent in third phase of export clearance**



The graph above presents the time spent during various intervals of customs clearance for export declarations. Even in export, 58% of time has been spent till the final release of goods from customs after customs have issued release order for it. As in imports, next huge time portion is spent for payment of duties and taxes after customs re-routes the declaration to green. The interval from payment, approval and issue of release order has been recorded as 13% of the whole process.

# 5. FINDINGS & OBSERVATIONS

## 5.1 Findings & Observations

On the basis of analysis survey data and results, the findings and observations were obtained which are presented below under various sections:

### 5.1.1 Importers and exporters of the goods

- ◆ The analysis of data collected in this study identified that out of the total time taken for customs procedures, most of the time was taken in either between 'Arrival of Vehicles' and 'selection of lane' or 'Issuance of Release Order' and 'Exit of Vehicle' and a significant time was taken between 'Re-route to Green' and 'Payment of duties and taxes.' In these time-consuming segments, some segments are directly related to the traders. While making inquiries for the delays the following observation were recorded.
- ◆ Almost 20 percent declarants responded that time spent in the first phase of customs clearance and payment is due to late responses from Importers/Exporters. The owner of the goods had handed over the documents related to the consignment to the declarant lately after the vehicles arrived at the customs premise. Due to the delay in handing over the related documents the declarant was unable to lodge the declarations for customs processing in time.
- ◆ Nearly 15 percent declarants responded that the documents, handed over to the declarant were incomplete. The declarants are handed the required documents by the importers and exporters for customs clearance. However, in some cases the importers/exporters, due to ignorance of requirements, were unable to submit total required documents at once. The declarants responded that in many cases, the declarants themselves had to support to collect the required documents from various agencies too.
- ◆ Similarly, 45 percent declarants responded that they did not receive the money from the owner of the goods to pay duties and taxes on time though they had lodged the declarations and it was already re-routed to Green, due to lack of payment so that the customs processing was hindered.

### 5.1.2 Declarants

- ◆ The study shows that the exit time of green lane declaration comparing to yellow and red lane declarations is not substantially difference. The declarations lodged by the declarants are directed to the RED, GREEN, and YELLOW lane as selected by the NeCAS (AW) automatically after gate entry of the cargos. The declarations directed to green and yellow lane were cleared without documentary check

and physical examination of goods and without physical examination of goods respectively. The declarations directed to red lane were cleared by checking the documents and examining the goods physically. However, the outcome has shown that huge amount of time has been spent in exiting the goods from the customs premises, where the system had already allowed the green and yellow lane declarations for faster clearance.

- ◆ In addition to this, most of the declarants had bundled all declarations (SAD) in their responsibility together despite of the lanes (i.e., green and red together) and submitted to customs officer at the same time at the end of the day to complete all the clearance processes.

### 5.1.3 Customs Processing and System Issues

- ◆ Some of the importers, exporters and freight forwarders were not aware of the complete customs processing system. It was found that every detail information related to customs processing had not been widely disseminated among some of the stakeholders who were directly involved in customs clearing process.
- ◆ In some cases, slow response of server and multiple items in single consignment also played a role to take more time to the clearance.
- ◆ The customs have implemented Gate Entry module that automatically triggers Lane selection of the registered declarations at the arrival of vehicle in the SAD. In that regards, when a vehicle arrives at customs premises late in the day, the SAD gets selected for lane but the declarations would be submitted to customs staffs next day only. Or, in some cases the vehicles arrive late in the evening and the declarant would submit the declarations next day only. In such regards, the time is extended too.

### 5.1.4 Customs Staffs

- ◆ The respondents have also pointed out that in some cases the customs procedure got extended because of customs staffs too. In comparison to the workload, there are few customs staffs deputed in the office. Due to heavy workload, customs officers could not perform their tasks on time.

### 5.1.5 Other Findings

Besides the issues identified above various other issues have been identified:

- ◆ **OGA Issues:** The requirement of OGA certification has extended the customs clearance processing. The laboratories for testing the foodstuffs and the like goods are situated far from the customs premise. Similarly, some OGA certifications required layers of decision making, it ranged from field office to Ministry. In such multi-layered decision making, OGA certifications required additional time.
- ◆ **Technical Issues:** The customs processing used to get halted due to various technical issues too. Slow internet speed, poor network connection and lack of compatible devices have given rise to extended time in processing.



- ◆ **Issues of Vehicles and Drivers:** Six percent traders which have taken long to clearance responded that the poor condition of the means of transport and lack of timely management of the means of transportation from customs area are some reasons. Similarly, scarcity of the skilled and punctual drivers was some of the causes for lengthen the time in clearing processes.
- ◆ **Disputes:** In some cases, disputes arise over the issues; around six percent responded that disputes in valuation issues extended their clearance time.
- ◆ Multiple items in a consignment at a time, lack of proper documentation, multiple entry system for single item under same customs subheading, have given rise to extended the time for clearance.

## 6. RECOMMENDATIONS

Based on the data analysis in the previous chapter and from the field observation during the test run and the survey, the TRS working group makes the following recommendation that will mitigate the existing issues in clearance of goods as well as facilitating the movement of cargo across the border.

### 6.1 Recommendations

- ◆ Among the four stages (arrival to lane assessment, lane assessment to rerouting to green, green to final release and the rest) studied in the survey, the first step where the declarant lodges the declaration after the arrival of vehicles in the customs area has taken most of the time of all other steps, i.e., 54.56% of total clearance time in IMPORT and around 77.04% of total clearance time in EXPORT. While there are other reasons, one is the time taken in collection and submission of documents. As such, Customs should encourage traders to adopt pre-arrival processing facility and make available the electronic submission of attached documents to avoid the delay in wait to receive the hard copy documents.
- ◆ It is observed that the minimum and average time taken in the 2nd phase for the yellow and red lane declaration is too short to justify that the task is done properly. It is recommended that a detail hand book and check list have to be developed for the Yellow Lane and Red Lane declaration to ensure that the adequate checking is completed within any gaps.
- ◆ While comparing the finding of the Bhairahawa TRS with the early TRS in Mechi and Biratnagar Customs, the total time has been in the higher side in Bhairahawa from arrival to the exit of the vehicle. This may be attributed to the level of lane selection. Although the red lane in TRS 2017 and TRS 2019 are around 49%, the TRS 2017 recorded a 50% green lane clearance and no yellow lane in existence, while, the TRS 2019 recorded 43% of yellow lane and 7 percent in red lane. It is highly recommended to frame a policy and determine the level of lane selection with a view to gradual reduction in the red lane for enhanced trade facilitation and better enforcement.
- ◆ The study shows that the time taken for payment at the bank is insignificant, notable number of declarations were delayed for payment due to the time taken to receive cash/cheque from the importers to the agents. To facilitate the payment, it is recommended that e-payment should be implemented at the soonest possible.
- ◆ Location of the OGAs that are directly linked to the customs clearance steps (the quarantine offices) are located far and out of the customs premises which is another factor for delay in the clearance process. It is recommended that those offices (Animal quarantine, plant quarantine, food quarantine, testing labs and residual test office)

should be co-located with customs in the short run so that submission of samples and OGA certification can be made faster.

- ◆ In some cases, due to the capacity of the lab in the customs points are causing the difficulties and taking more time and disputes in some cases, so the equipment in the labs should be properly managed and the accreditation of the labs is needed.
- ◆ Starting from the entry of vehicles in the customs premises, customs has automated almost all the steps of clearance till the final exit of the vehicles. But the OGA certification is still manual. Department of Customs being the leading agency for the implementation of Nepal National Single Window, it is highly recommended to automate the quarantine process through Nepal National Single Window at the OGAs and interface that with ASYCUDA World.
- ◆ There are several specific cases where more than hundred number of items are declared in a single SAD. This is cumbersome and usually entails longer time for processing by the system. It is recommended that some solution should be provided for this, e.g., Offline entry facility to be provided with the feature to bundle the items with same HS Codes in the SAD declaration in AW system.
- ◆ It is observed that the delay of export consignments is attributed to get the clearance from the counterpart Customs in India. It is recommended that a mechanism to be devolved for the exporters to get clearance of the goods before it is processed in Nepal Customs, so that the export cargo is smoothly processed in the counterpart customs in India.
- ◆ It is felt that multiple items in a consignment at a time led to extend the time for physical examination of goods and hindered risk management for enhanced level of green lane. Therefore, it is recommended that the items (goods) should be specified to be permitted in a consignment at a time upon importing goods for business purposes.
- ◆ It was also observed that to park the vehicles, a lot of extra space is used beyond the existing paved parking yard which has caused unmanaged parking thus delaying the exit of vehicles. It is recommended that the extended yard have to upgrade to ease the parking management of the vehicles.
- ◆ It was observed that at peak hours in the evening, the number of declarations piles up for clearance for certain officials. It is recommended that proper duty management of existing in-house staff is required to be done by the office.
- ◆ However, in addition of the above, although there are sufficient number of staff positions available in the approved organizations structure, some positions are vacant and causing higher work-load on the existing staff. It is recommended that all the staff positions should be keep filled in all the time so the bottle-necks of staffing and workload for the clearance process can be resolved.
- ◆ Though not a direct factor to reduce the time on clearance, it was observed that implementing additional tool/measures for effective risk management to increase the number of declarations going to green lane will help to facilitate faster clearance.

- ◆ One of the factors to impede the higher number of declarations to be selected for green from red (physical inspection) is due to the fact that those declarations need to be inspected manually. Implementing non-intrusive technology equipment (like container scanner and baggage X-ray equipment) to scan cargo will help to increase the speedier clearance of goods.
- ◆ The study also observed that, one of the factors taking time for exit of vehicles after customs clearance was the time required to fill in details about vehicle and consignment in the Vehicle Cargo Tracking System (VCTS). Since the information required by VCTS is already in the AW system, it is recommended that an interface should be developed so that extra keying in of same information in VCTS will not be required.
- ◆ With the opportunity to compare the results with the previous study as this is the second one, it is recommended that future studies be carried out at a national level utilizing the data from AW system so that overall picture is seen. It is also recommended that the study should be conducted for the same period of the year every year so that comparison is more scientific.
- ◆ Local trade facilitation committee should be functional to make effective coordination in the border process.
- ◆ The Internet bandwidth, connectivity and IT equipment at Customs offices should be strengthened to mitigate the technical issues for effective operation of the system.
- ◆ Office lay out can be re-arranged for the effective interface for the clients.
- ◆ The role of customs agents and freight forwarders is important in the customs clearance, so the capacity building and the orientation of the ASYCUDA system and other measures should be should be discussed in the quarterly basis
- ◆ In the study, almost 80 percent time has been consuming in the arrival to lane assessment (first stage) and assessment to final exit (third stage). So, the interaction to importers and exports should be performed in regular basis for the customs clearance procedures and the issues the traders have.
- ◆ In export, the harmonization with the counterpart customs should be strengthened to reduce time.
- ◆ It is highly recommended to make the whole customs process paperless gradually and phase wise manner.
- ◆ It is highly recommended to make Automatic Notification of Declaration, Gate Entry, Payment, Goods Exit and Final exit to traders by AW system itself.
- ◆ Roll out of the gate entry and exit system should be extended to all customs which can capture the whole process of the customs clearance in the border.
- ◆ Effective implementation of the risk management framework, standard operating procedures and establishment of risk register and regular update and change the risk parameters have to be implemented for the faster clearance and seamless movements of the cargos in the border.

- ◆ Integrated Check post in the Bhairahawa is proposed since long; until the development and construction of the ICP, the yard needs to make concrete and manage properly for the effective management of the cargos in the border.
- ◆ It is suggested that, further study should be carried out by the Department of Customs in the areas which have been highlighted in the data of the survey.
- ◆ Nationwide TRS survey can capture the whole situations of the trade across the border and compliance level and time of the customs clearance; It is suggested to conduct the nationwide TRS survey using the ASYCUDA data from those customs where gate entry system has been rolled out.
- ◆ Referring to ANNEX 3 which shows the manual card used for recording time for manual steps, there are only three instances for which the system is not automated. First is the physical examination, second is the time taken by OGA and third is the manual approval signature on the SAD. Since all other steps of the clearance process are automated and data can be taken from the AW system, it is recommended that the remaining steps be automated (physical examination with the use of mobile app and final signature through release order or by elimination or any proper way) so that it will ease the step to conduct regular TRS using data from the system as recommended in above paragraphs.

## 7. CONCLUSION

This Time release study is the second study conducted by the Department of Customs, Nepal, after the first one in Mechi and Biratnagar in 2016 and published in January 2017. Since 2017, Nepal Customs has made a significant improvement in automation of its processes by the implementation of ASYCUDA World throughout the country and with the implementation of additional modules in ASYCUDA World like the gate entry system. This system automatically records the entry of the cargo in the customs area. This system also eases the customs clearance steps as well as it has been made seamless. However, the current level of automation has set a base and further enhancement is needed to reap the benefits from it which is shown from the fact that even though significant implementation of automation is carried out, there is not much difference in the clearance times.

In addition to the implementation of automation in the processing steps, enhancement in risk management, improvement of the customs area, efficient and proper management of staff, introduction of non-intrusive equipment will help improve the clearance facilitation.

TRS is not an overall tool to assess complete customs status but is an assistive tool to analyze clearance process in the aspect of time. As such, additional studies and assessments are required to augment to results and recommendations made by this report.

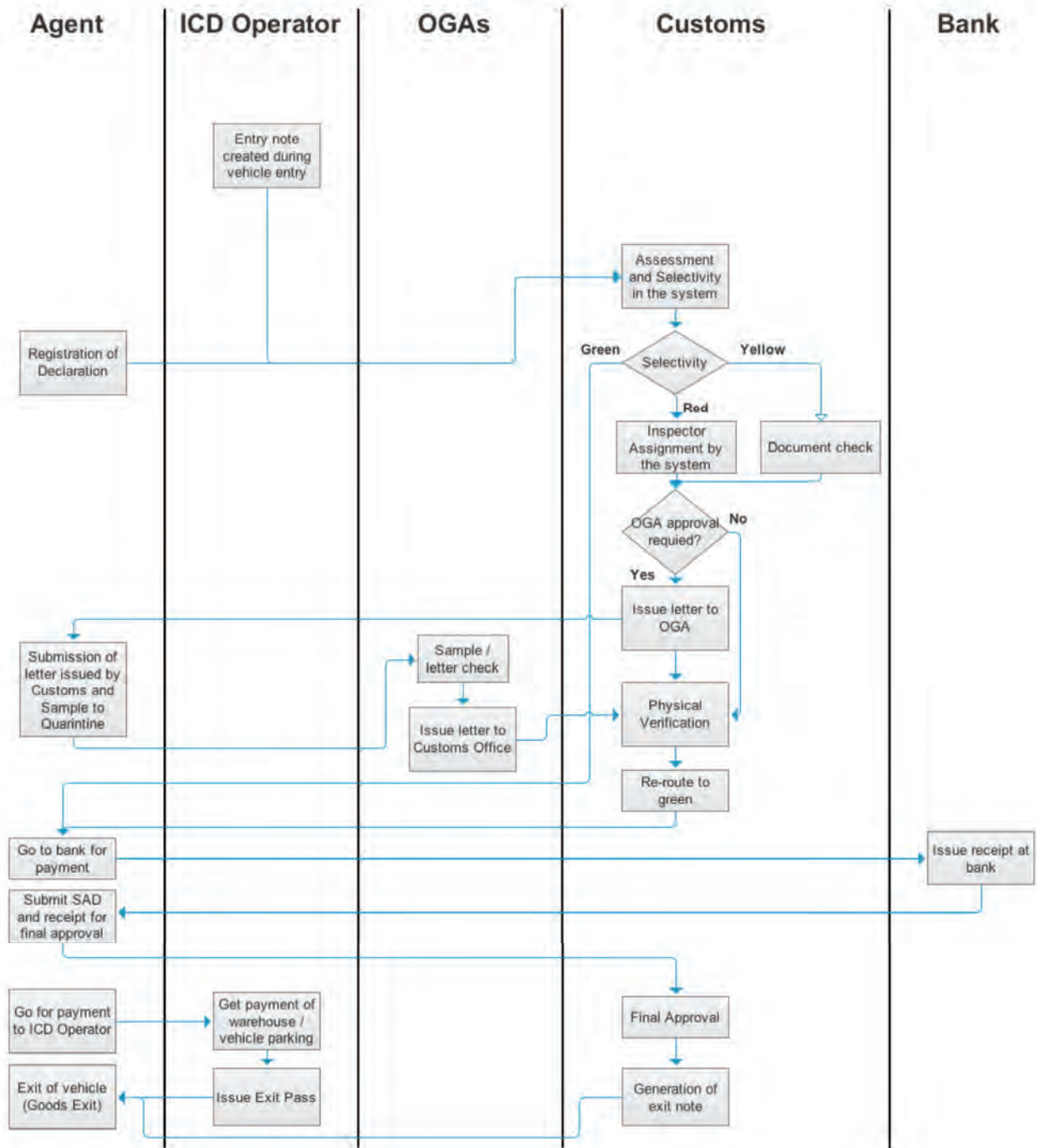
Following the latest TRS Guideline of the WCO, a single TRS cycle does not end after publication of the report and needs monitoring and evaluation to provide feedback for the next cycle of the study. As such, future TRS studies with more coverage and carried out at the same time each year will produce even better and comparable results.

## ANNEXES

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# Annex 1 A: Process Mapping – Import

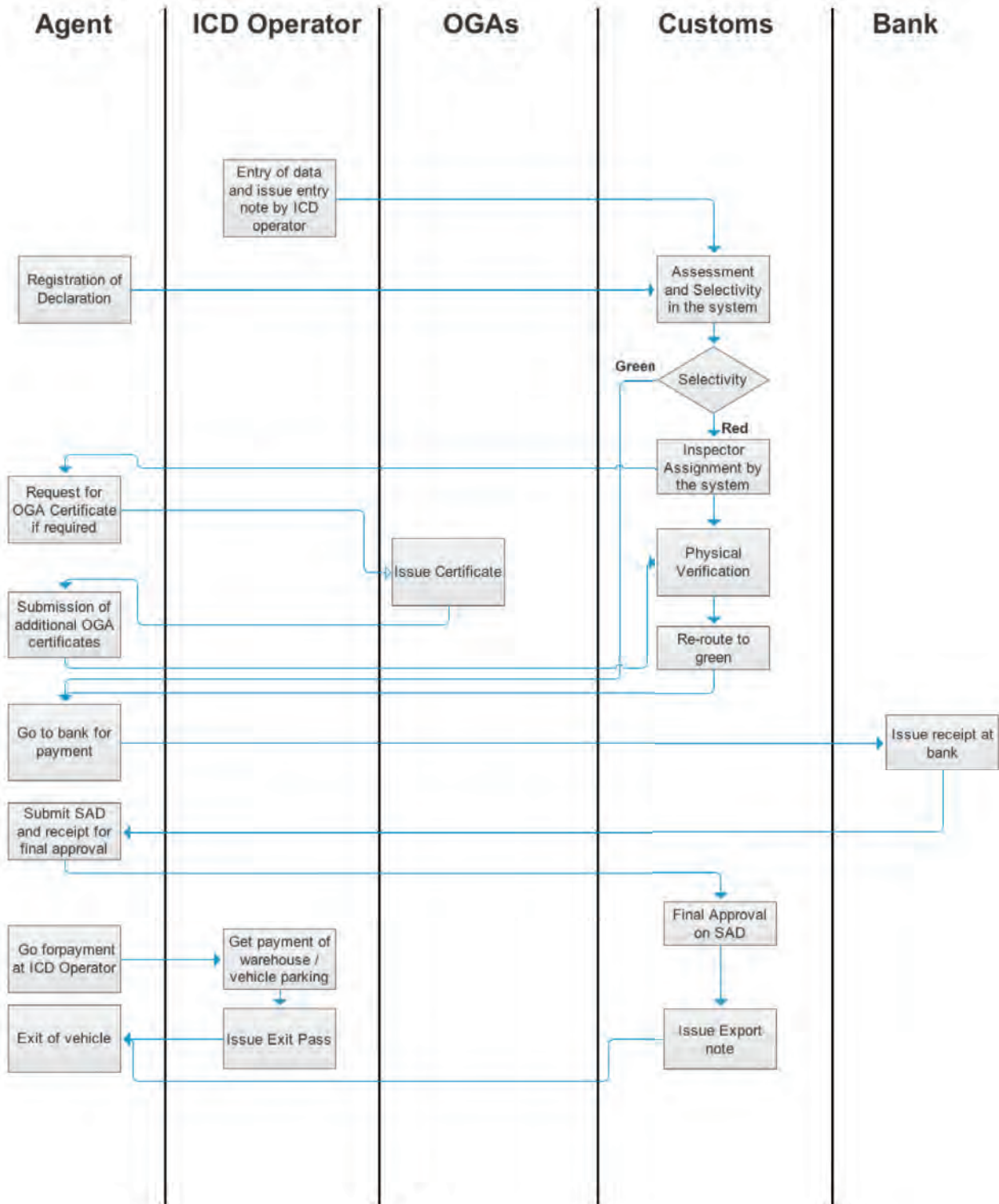
## Import Process Map - Bhairahawa





# Annex 1 B: Process Mapping – Export

## Export Process Map - Bhairahawa



## Annex 2 A: Questionnaire – Import



### Time Release Study - Time Release Study for Imports, Bhairahawa Customs, Nepal



(\*) = Mandatory - if indicated for a **section**, mandatory questions for the section must be completed / if indicated for a **question**, the question must be completed if the section is used

<b>SECTION A - General Section (*)</b>	
1. Exim Code (*)	
2. Customs Agent Number (*)	
3. Declaration Number (*)	
4. Country of Export (*)	India <input type="checkbox"/> Third Country <input type="checkbox"/>
<b>SECTION B - Arrival Information</b>	
5. Date and time truck arrives at the entry gate	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> mn
6. COMMENT: Use this section to record any extra ordinary circumstances that affected the time taken in Section A	
<b>SECTION C - Declaration Registration and Assessment</b>	
7. Customs Agent submits Declaration in the System (*)	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> mn
8. Lane Assignment in the System (*)	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> mn
9. COMMENT: Use this section to record any extra ordinary circumstances that affected the time taken in Section C	
<b>SECTION D - Examination</b>	
10. Select Lane (*)	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>
<b>INSTRUCTION: If Green go to 22, if Red go to 13</b>	
11. Document Check Commenced	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> mn
12. Customs document check ended	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> mn
13. Are Other Government Agency (OGA) Certificates/Examination required?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>INSTRUCTION: If NO, go to question 16</b>	
14. Agent applies OGA authority for issuance of certificate/examination	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> mn
15. Customs Agent resubmits file with OGA certificates	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> mn

<b>INSTRUCTION: If Yellow Go to 22</b>	
16. Date and time of Customs physical exam commenced	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
17. Date and time of Customs physical exam ended	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
18. Completion of inspection [Clear in SCP by examiner]	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
19. Examination and samples in accordance with declaration?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>INSTRUCTION: If answer to above is YES, go to question 22</b>	
20. Customs Amend the declaration	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
21. Re-routing of declaration by the officer from Red Lane to Green	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
22. COMMENT: Use this section to record any extra ordinary circumstances that affected the time taken in Section D	
<b>SECTION E - Payment of Duty and Taxes</b>	
23. Agent goes to the bank for payment (Queue) (*)	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
24. Bank issues bank receipt to Customs Agent by collecting applicable duties and taxes (*)	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
25. COMMENT: Use this section to record any extra ordinary circumstances that affected the time taken in Section E	
<b>SECTION F - Release of Consignment by Customs</b>	
26. Approval by Customs officer (*)	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
27. Issue of exit note (*)	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
28. COMMENT: Use this section to record any extra ordinary circumstances that affected the time taken in Section F	
<b>SECTION G - Exit of Consignment</b>	
29. Agent queues for payment of port handling charges (*)	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
30. Customs Agent pays applicable port handling charges to TMC (*)	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
31. Final exit of consignment (*)	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
32. COMMENT: Use this section to record any extra ordinary circumstances that affected the time taken in Section G	

(\*) = Mandatory - if indicated for a **section**, mandatory questions for the section must be completed / if indicated for a **question**, the question must be completed if the section is used

## Annex 2 B: Questionnaire – Export



### Time Release Study - Time Release Study for Exports, Bhairahawa Customs, Nepal



(\*) = Mandatory - if indicated for a section, mandatory questions for the section must be completed / if indicated for a question, the question must be completed if the section is used

Section A – General Section	
1. EXIM Code (*)	
2. Customs Agent Number (*)	
3. Declaration Number (*)	
Section B– Arrival Information	
4. Date and time truck arrives at the entry gate (*)	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
5. COMMENT: Use this section to record any extra ordinary circumstances that affected the time taken in Section B	
Section C – Declaration Registration and Assessment	
6. Customs Agent submits Declaration in the System (*)	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
7. Lane Assignment in the System	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
8. COMMENT: Use this section to record any extra ordinary circumstances that affected the time taken in Section C	
Section D – Examination	
9. Select Lane	Red <input type="checkbox"/> Yellow <input type="checkbox"/> Green <input type="checkbox"/>
<b>If Green, go to 20</b>	
10. Are Other Government Agency (OGA) Certificates/Examination required?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>INSTRUCTION: If NO, go to question 13</b>	
11. Agent applies OGA authority for issuance of certificate/examination	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
12. Customs Agent resubmits file with OGA certificates	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
<b>If Yellow Go to 20</b>	
13. Date and time of Customs physical exam commenced	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
14. Date and time of Customs physical exam ended	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min

15. Completion of inspection [Clear in SCP by examiner]	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
16. Examination and samples in accordance with declaration?	Yes <input type="checkbox"/> No <input type="checkbox"/>
<b>INSTRUCTION: If answer to above is YES, go to question 20</b>	
17. Customs Amend the declaration	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
18. Re-routing of declaration by the officer from Red Lane to Green	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
19. COMMENT: Use this section to record any extra ordinary circumstances that affected the time taken in Section D	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
<b>Section E – Payment of Duty and Taxes</b>	
20. Agent goes to the bank for payment (Queue)	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
21. Bank issues bank receipt to Customs Agent by collecting applicable duties and taxes	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
22. COMMENT: Use this section to record any extra ordinary circumstances that affected the time taken in Section E	
<b>Section F – Release of Consignment by Customs</b>	
23. Approval by Customs officer	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
24. Issue of export note	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
25. COMMENT: Use this section to record any extra ordinary circumstances that affected the time taken in Section F	
<b>Section G – Exit of Consignment</b>	
26. Agent queues for payment of port handling charges	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
27. Customs Agent pays applicable port handling charges to TMC	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
28. Final exit of consignment	<input type="text"/> day <input type="text"/> mth - <input type="text"/> hr <input type="text"/> min
29. COMMENT: Use this section to record any extra ordinary circumstances that affected the time taken in Section G	

(\*) = Mandatory - if indicated for a **section**, mandatory questions for the section must be completed / if indicated for a **question**, the question must be completed if the section is used

## ANNEX 3: Manual Time Record Card

### Time Release Study 2019 Bhairabawa Customs Manual Time Record Card

SAD No:		Date:	
Type:	IM	EX	
Lane:	Green	Yellow	Red
COO (IM):	India	Third Country	
Commodity:			

नं	कार्य	समय		
		गते	घण्टा	मिनेट
<b>जाँचकीले भर्ने</b>				
		गते	घण्टा	मिनेट
१.	नमना परीक्षणको लागि पठाइएको			
२.	नमना परीक्षण प्रतिवेदन प्राप्त			
३.	भौतिक / कागजात परीक्षण शुरू			
४.	भौतिक / कागजात परीक्षण सम्पन्न			
<b>राफकसे भर्ने</b>				
		गते	घण्टा	मिनेट
५.	एजेण्ट / प्रतिनिधी भक्तानीको लागि चेइमा प्रवेश गरेको समय			
<b>अधिकृतले भर्ने</b>				
		गते	घण्टा	मिनेट
६.	अधिकृतद्वारा प्रज्ञापनपत्रमा अन्तिम हस्ताक्षर गरेको समय			
<b>राफकसे भर्ने</b>				
		गते	घण्टा	मिनेट
७.	एजेण्ट / प्रतिनिधी याई शुल्क भक्तानीको लागि आएको समय			

राफक

जाँचकी

अधिकृत

### Time Release Study 2019 Bhairabawa Customs Manual Time Record Card

SAD No:		Date:	
Type:	IM	EX	
Lane:	Green	Yellow	Red
COO (IM):	India	Third Country	
Commodity:			

No	Task	Time		
		Day	Hour	Minute
<b>To be filled in by Inspector</b>				
		Day	Hour	Minute
१.	Sent for sample examination			
२.	Examination report received			
३.	Physical/Document check start			
४.	Physical/Document check ends			
<b>To be filled in by Enumerator</b>				
		Day	Hour	Minute
५.	Agent enters bank and queues for payment			
<b>To be filled in by Officer</b>				
		Day	Hour	Minute
६.	Officer signs the SAD for final release			
<b>To be filled in by Enumerator</b>				
		Day	Hour	Minute
७.	Agent queues for payment of parking charges			

Enumerator

Inspector

Officer

## ANNEX 4: TRS Working Group

S.N.	Designation	Name	Remarks
1.	Director, CRM Section, DOC	Mr. Mukti Ram Acharya	Coordinator
2.	Director, Statistics Section, DOC	Mr. Binod Sharan Acharya	Member
3.	Section Officer, CRM Section, DOC	Mr. Ramesh Sukamani	Member
4.	Section Officer, CRM Section, DOC	Mr. Santosh Neupane	Member
5.	Section Officer, Investigation Section, DOC	Mr. Nawaraj Chaulagai	Member
6.	Computer Engineer, DOC	Mr. Raheem Ansari	Member
7.	TF Expert, ADB	Mr. Kularaj Jnawali	Member
8.	Customs Automation Expert, ADB	Mr. Yadava Aryal	Member

## ANNEX 5: Local Working Group

S.N	Name	Designation	Representing Organization	Remarks
1	Mr. Kamal Kumar Bhattarai	Chief Customs Officer	Bhairahawa Customs Office	Leader
2	Mr. Kaliram Poudel	Customs Officer	Bhairahawa Customs Office	Member
3	Mr. Prabin Parajuli	Computer Officer	Bhairahawa Customs Office	Member
4	Mr. Hasta Rai	Food Quarantine Officer	Food Quarantine	Member
5	Mr. Ravi Parikhe	Branch Head	Transit and Warehouse Management Company	Member
6	Mr. Madav Prasad Poudel	Branch Head	Rastrya Banijya Bank Ltd	Member
7	Mr. Kul Prasad Neupane	President	Siddharthanagar Chamber Commerce and Industries	Member
8	Mr. Arun Goyanka	Vice president	Siddharthanagar Chamber Commerce and Industries	Member
9	Mr Baburam Bohora	Vice President	Rupendhi Chamber of Industries	Member
10	Mr. Asim Neupane	President	Bhairahawa Customs Agent Association	Member
11	Mr. Krishna Prasad Ghimire	Former President	Bhairahawa Customs Agent Association	Member
12	Mr. Madhu Prasad Panthi	Vice President	Bhairahawa Customs Agent Association	Member



## ANNEX 6: Resource Person and Expert

S.N	Name	Designation	Organization
1.	Mr. Shujie Zhang	WCO Expert (GACC, China)	WCO
2.	Mr. Chang Yeop Lee	WCO Expert (KCS, Korea)	WCO

## ANNEX 7: Proposed Action Plan

S. N	Activity	Date/Time	Responsibility
1.	Adopt pre-arrival processing	August 2021	DOC
2.	Electronic submission of all attached documents	August 2021	DOC
3.	Hand-book and check-list for Yellow and Red lane	February 2021	DOC
4.	Determine level of lane selection for gradual reduction	February 2021	DOC
5	Implement e-payment	December 2020	DOC
6	Co-location of OGAs	February 2021	DOC/Ministry
7	Accreditation of the Lab	December 2021	DOC
8	Automate quarantine processes through Single Window	December 2021	DOC
9	Offline entry for declarations	February 2021	DOC
10	Mechanism to manage get clearance from India beforehand for export goods	December 2020	Bhairahawa/ DOC
11	Specify permissible items in single consignment	December 2020	DOC
12	Upgrade yard parking in Bhairahawa Customs	February 2021	Bhairahawa
13	Implement proper duty management of staff	December 2020	Bhairahawa
14	Keep all the staff positions filled	December 2020	DOC
15	Implement effective Risk Management	February 2021	DOC
16	Employ non-intrusive equipment	December 2021	Bhairahawa/ DOC
17	Interface with VCTS	February 2021	Bhairahawa/ DOC
18	Strengthen IT equipment and connectivity at Bhairahawa	December 2020	Bhairahawa
19	Re-arrange office layout	December 2020	Bhairahawa
20	Interaction with traders	December 2020	Bhairahawa
21	Implement paperless Customs and Nepal national single window programme	2022	DOC
22	Auto-notification of SAD clearance steps to traders in AW	February 2021	DOC
23	Roll-out gate entry and exit in all Customs	February 2021	DOC

# TRS National Workshop at Kathmandu



