



D.O. No: PD-14033/38/2016-PD.V

Dated the April 16, 2020

Dear *Anup,*

I am writing this regarding facilitating e-Commerce & trade financing in the current scenario. Amidst the pandemic across the globe, shipping and logistics industry is still working to keep essentials in circulation and the global economy moving. In India the efforts of the Customs Authorities to work 24/7 and the work done by my Ministry has ensured that all Government ports are open for business following due precautions.

2.0 With the Social Distancing norms in place, the EXIM trade in India however does face challenges on account of 'trade documentation' being still required by many departments, authorities and financial institutions in a 'hard copy' format. Some of the key 'trade documentation' would include -

**A. Bills of Lading (BL):** The most important document in international trade - this legal document issued by a carrier (shipping line/ freight forwarder/NVOCC/ 3PL company) covers three important functions:

- Receipt of Goods
- Contract of Carriage
- Document of Title (ownership)

**B. Delivery Orders (DO):** Very important document issued by the Carrier at the destination against a duly accomplished Bill of Lading – this document releases the cargo to the rightful consignee and permits the custodian (Ports/CFS/ICD) to give physical delivery.

**C. Certificate of Origin (COO), Letter of credit (LC)** and several other trading documents accompany the Bill of Lading to the Banks (where LC shipments are involved) and otherwise need to be couriered with the BL to the consignee to enable customs clearance and Delivery order at the other end.

3.0 At present the inability of service providers such as courier agencies, general lockdown restrictions and the requirements of social distancing / isolation; are causing severe impediment in issuance, delivery and dispatch of 'physical format' based '**trade documentation**'. This is directly impacting the release of import containers and cargo at various Ports in India.

...2/-

The bottle-neck has been caused due to the current manual process wherein the customer needs to:

- a. Surrender original Bill of Lading (BL) at the shipping line's office;
- b. Collect paper Invoice and pay by cash/ bank transfer to the shipping line;
- c. Collect paper delivery order issued by the shipping line; and
- d. Submit e-delivery order via PCS (Port Community System) at the release point (CFS/port) *(This last step is already digitised by the PCS1x)*

*(Note: On average the above steps add upto about 11.5 hours of face time i.e. person to person contact).*

4.0 With the contagious nature of COVID-19 that spreads through multiple forms of contact; clubbed with the usual time taken in complying the (above mentioned) steps, collectively creates not only a high level of risk but also considerable delay in release of import containers and cargo at various ports in India.

Considering the present circumstances on account of COVID-19 (including contamination through paper as well as the need to clear import containers and cargo at various Ports expeditiously); the Indian Ports Association (IPA) under the aegis of Ministry of Shipping has already taken some steps towards digitising some of the above Trade Related Process through the implementation of the Port Community System (PCS 1x).

PCS1x was launched in December, 2018 and has managed to digitise the major part in respect of the port related activities including an Electronic Invoice (e-Invoice) and Electronic payment (e-Payment) , Electronic delivery order (e-DO) (steps b, c and d mentioned in para 3 above) for physical release of cargo by custodians.

5.0 The critical component that is still missing is the digitisation of the Bill of Lading (BL) which has faced some resistance from several stakeholders. Moving to electronic Bill of Lading (eBLs) and enabling Letter of Credit (LC) process digitally will ensure that the trade will move seamlessly and free of paper and people to people contact, thus ensuring that social distancing norms are not affected.

Various trade bodies under the umbrella of Federation of Indian Logistics Association (FILA) have also supported the IPA initiative of eBL and has identified few service providers that facilitate this concept. In this regard, a copy of note dated 08- 04- 2020 received from FILA is enclosed for perusal. Some of the service providers are :-

- CargoX - With IGP&I cover - 100% public ethereum platform
- Bolero - With IGP&I cover - cloud based encryption based platform
- Waves - With IGP&I cover - A combination of blockchain and encryption based system
- Tradelens - A global digital trade platform developed by Maersk and IBM

The above service providers have recognised international Indemnity Cover and also offer encryption or block-chain based data and transaction security. These platforms are in the process of being integrated with the Port Community System PCS 1x.

The Chairman Indian Ports Association (IPA) had convened a meeting on the 6<sup>th</sup> of April 2020 with the representatives of the trade bodies, Port officials and M/s Portall, IPA's technical partner, to discuss the implementation of eBL on a fast track basis. It was agreed to carry out a proof of concept of the solution on the CargoX platform with few shipping lines and customs brokers within three weeks. In this regard, a copy of the letter received from Chairman IPA is enclosed for reference.

I am also enclosing a copy of the presentation and whitepaper from CargoX which is a fully public block chain platform and provides the eBL solution, for your reference.. IPA also is in process to latch-on between other solution providers of eBL (Tradelens, Wave, Bolero, etc) and PCS 1x for maritime EXIM cargo.

6.0 I would request you to consider issuing suitable guidelines and advisory consistent with the International Conventions on the subject to Departments (such as **Customs**) as well as to **Indian Bank Association** for banks in India (including both Nationalised and Private banks) by accepting '**electronically generated trade documentation**'. Also the 'stakeholders of the trade industry' such as Carriers, Exporters and Importers can also be issued mandates to adopt and use such platforms for 'electronically generated trade documentation' including Bill of Lading (document of title) across stakeholders and across nations'. To begin with this could be on a voluntary basis.

7.0 Such a measure shall help ease the economic and humanitarian challenges and also encourage continuity of trade and also enable trade revival in the future. This will also support the Ministry of Shipping and Ministry of Commerce in their efforts to ensure smooth flow of Export Import Trade and the release of import containers /cargo at various ports in India. Should the stakeholder or financial institutions or Departments require any support or assistance, they can reach out to Ministry of Shipping or the Indian Ports Association (IPA).

*with best wishes,*

Yours sincerely

*Vil V 16/4/2020*  
(Gopal Krishna)

Encl:

- Copy of the letter from Chairman IPA to the undersigned dated 09-04-2020
- Copy of the note from FILA to IPA dated 08-04-2020
- Presentation & White paper of the CargoX Block Chain Solution

To

Dr. Anup Wadhawan  
Secretary,  
Department of Commerce,  
Udyog Bhavan,  
New Delhi.

Copy to :

1. Dr. Ajay Bhusan Prasad Pandey  
Secretary,  
Department of Revenue,  
Ministry of Finance,  
North Block  
New Delhi
2. Shri Atanu Chakraborty  
Secretary,  
Department of Economic Affairs,  
Ministry of Finance,  
North Block  
New Delhi
3. Shri Shaktikanta Das,  
Governor,  
Reserve Bank of India,  
Mumbai
4. Shri Debasish Panda  
Secretary,  
Department of Financial Services  
Ministry of Finance,  
Room No. 6, IIIrd Floor,  
Jeevan Deep Building,  
New Delhi

Copy to :

1. Shri Sanjay Bhatia, Chairman, IPA
2. Dr.A. Janardhana Rao, MD, IPA