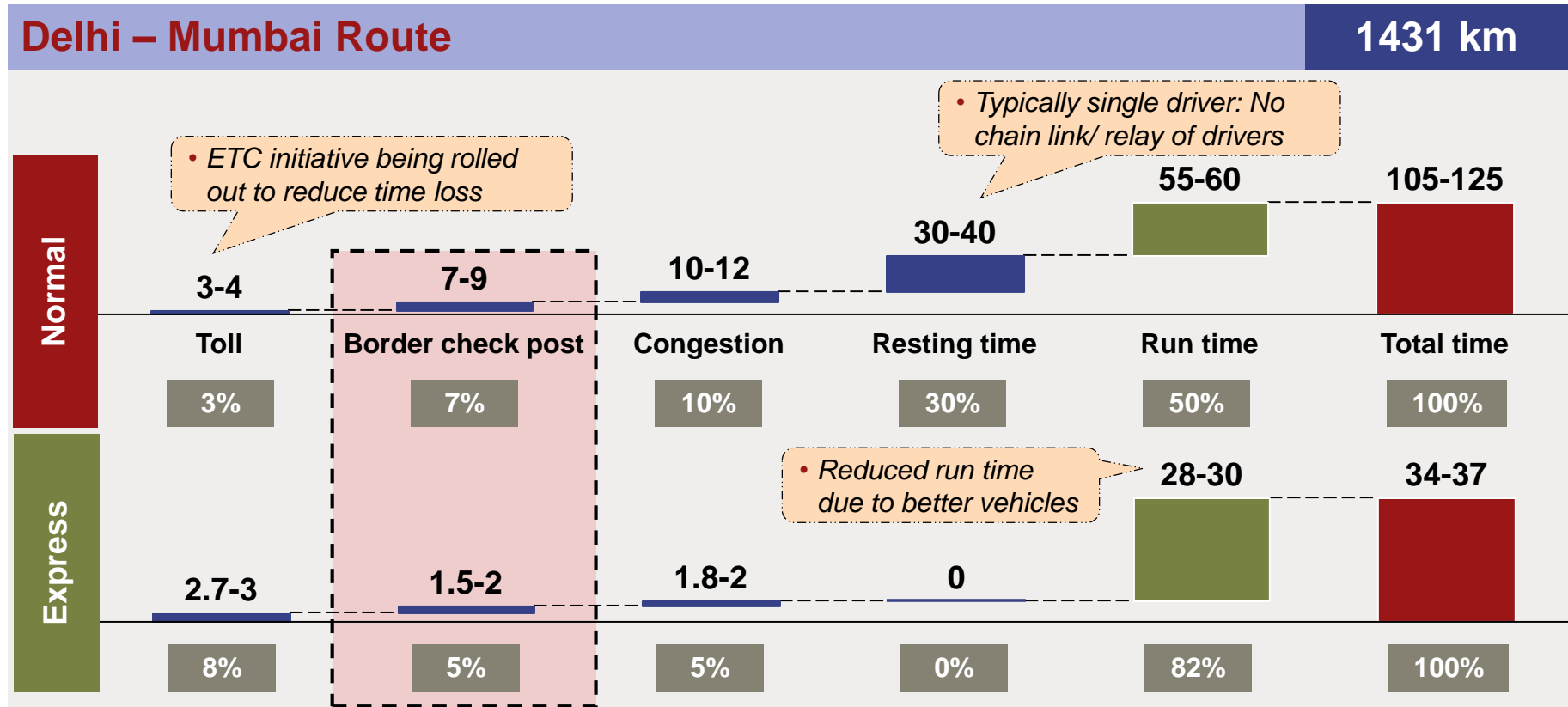




# Documentation and procedure simplification

Discussion Document  
22 April 2016

For freight movement within India, inter-state border checks and documentation play a major role in delays



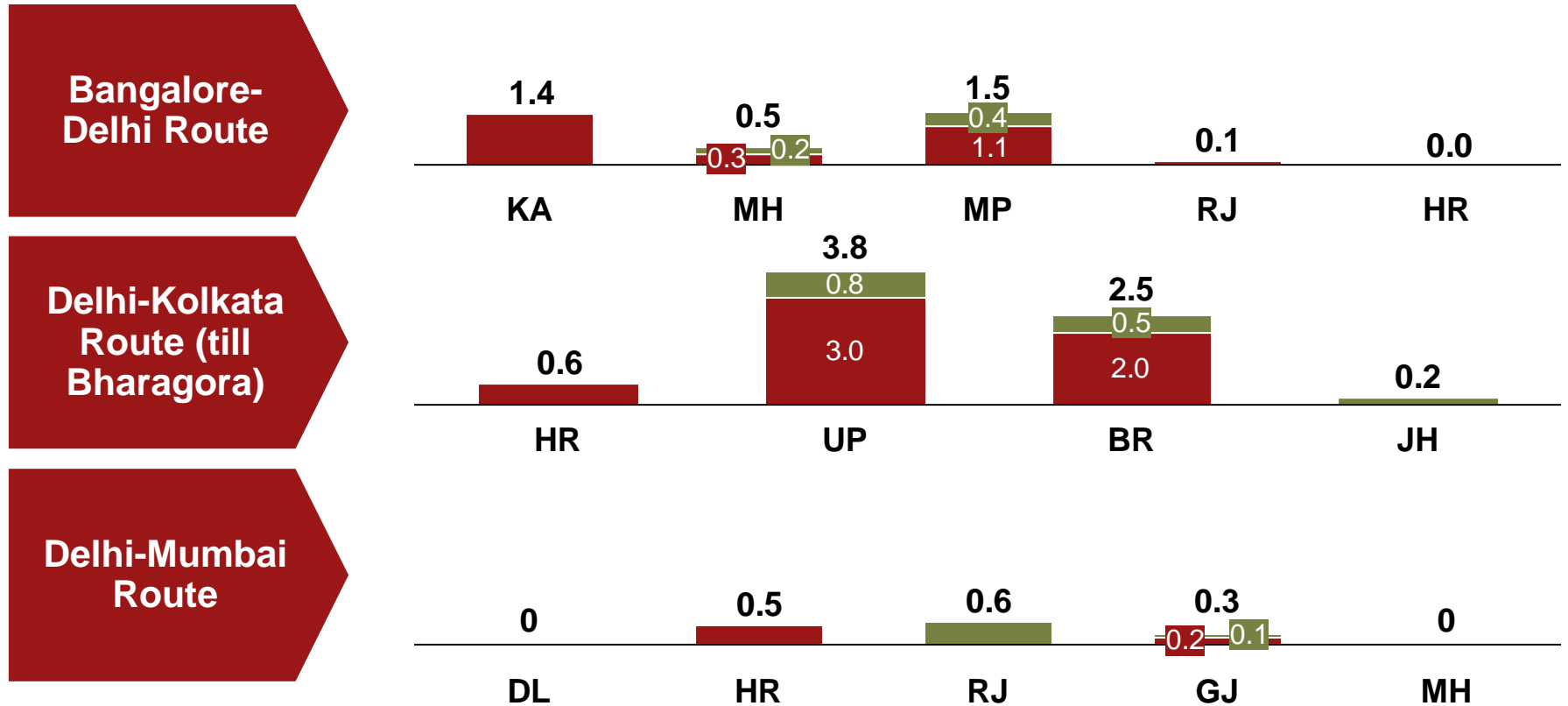
**5-10% of the total transit time is spent for verification of documents at state border check posts**

1. Includes time when the engine is not running – City time restrictions, Resting time, RTO and Border checks  
 Source: Interviews with transporters, GPS data of express transporters, desk research,, A.T. Kearney analysis

Moreover, there are significant differences in typical times taken to cross interstate borders

Time taken across inter-state borders

■ Entry ■ Exit  
All values in hrs

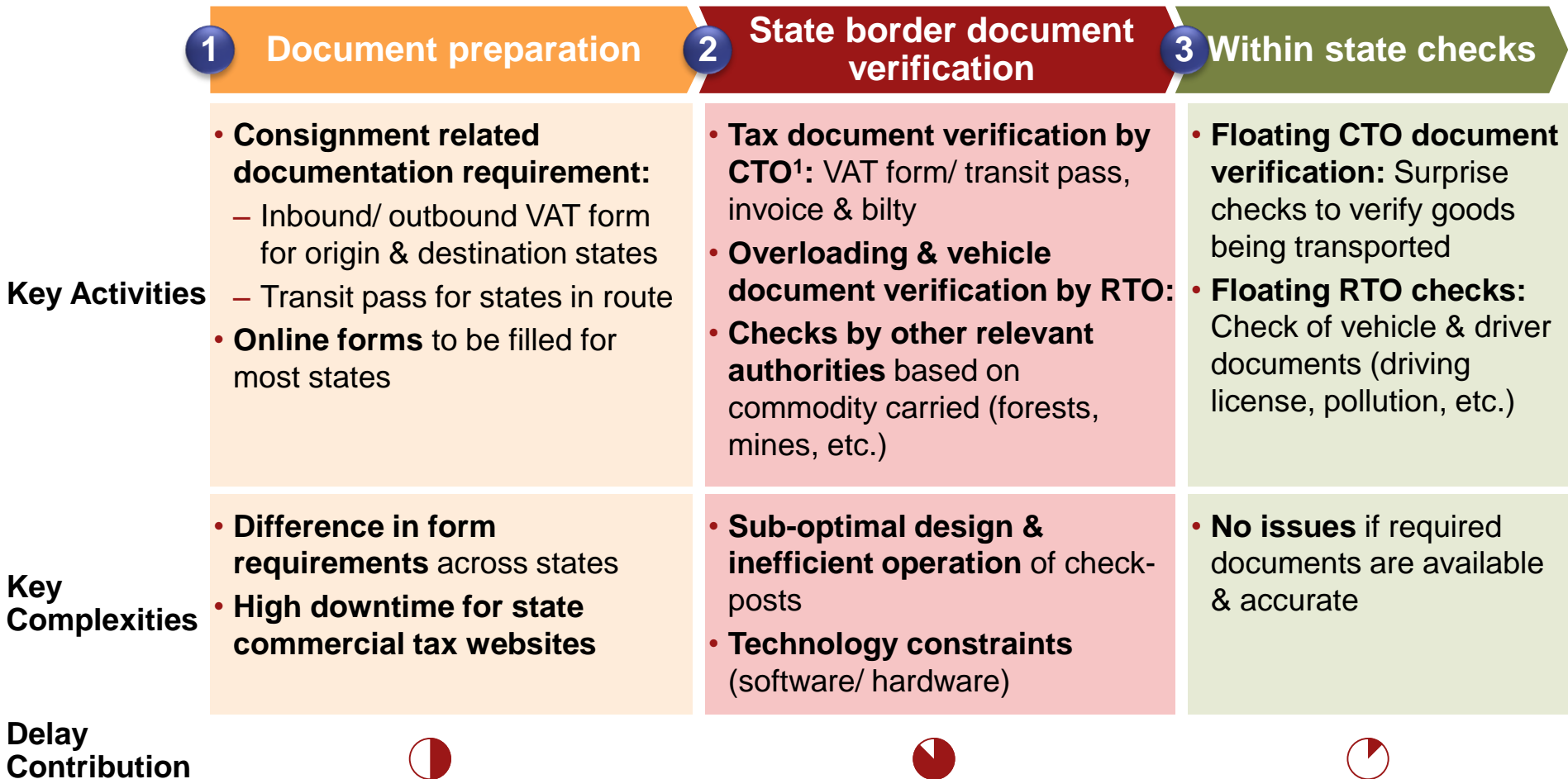


There are opportunities to leverage best practices across various states & ensure standardization to improve logistics efficiency



# Crossing inter-state borders includes 3 key steps, each having its own set of complexities

## Inter-state border crossing



1. CTO – Commercial Tax Office; PUC – Pollution Under Control  
 Source: Field Visits, Interviews with transporters & tax officials, A.T. Kearney

# 1 Significant differences in documentation requirement across different states result in higher complexity

## Inbound Documentation

■ Online forms

■ Illustrative – select states

Form Details	MH	GJ	AP	DL	PB	Typical details required
Form Number	NA	403	600	T2	36	
Origin		✓	✓	✓	✓	City, district
Destination		✓	✓	✓	✓	City, district
Consigner details		✓	✓	✓	✓	Name, address, VAT/TIN/CST no.
Consignee details		✓	✓	✗	✓	Name, address, VAT/TIN/CST no.
Consignment details		✓	✓	✓	✓	Waybill no., date, goods description, quantity / weight, transaction nature
Transporter details		✓	✓	✓	✓	Name, address, owner's name
Vehicle details		✓	✓	✓	✓	RC no., LR no.
Driver details		✓	✗	✗	✗	Name, address, DL no., issuing state
Invoice copy	✓	✓	✓	✓	✓	Copy of invoice, invoice number

**For each of the states in route, there is need for separate documents**



**1** In addition to differences in information required, differences in format adds to the complexity

### Gujarat: Form 403

### Delhi: Form T2



### Andhra Pradesh: Form 600

### Punjab: Form 36

**FORM 403**  
(See sub-rule (5) of rule 51) ORIGINAL DUPLICATE TRIPPLICATE

Declaration under Section 68 of the Gujarat Value Added Tax Act, 2003  
(For goods entering into the State from outside the State)

To, \_\_\_\_\_  
The officer in charge  
Check post.....

(1) Place to which goods are dispatched \_\_\_\_\_ District \_\_\_\_\_  
(2) Place from which goods are dispatched \_\_\_\_\_ District \_\_\_\_\_  
(3) Details of goods: invoice No \_\_\_\_\_ Date \_\_\_\_\_  
(4) Consignor's details:-

Name	State
Address	Registration Certificate No.
Telephone	Date
Fax No.	CST registration No.

(5) Nature of Transaction:-  
 1: Inter state sale  2: Transfer of documents of title   
 3: Depot Transfer  4: Consignment to Branch/Agent   
 5: For Job works/Works contract   
 6: Consignment details:-  
 7: Any Other

Name	Registration Certificate No.
Address	Date
Telephone	CST registration No.
Fax No.	Date

No.	Description of Goods	Commodity Code	Unit	Rate of Tax
1				
2				
3				
4				

(b) Address \_\_\_\_\_

**FORM T-2**

Invoice Details:-  
Invoice No: \_\_\_\_\_ Date: \_\_\_\_\_ Total Invoice Amount: \_\_\_\_\_

Identity of Supplier :-  
TIN: \_\_\_\_\_

3. Name and address of the Consignor:  
Name \_\_\_\_\_ Address \_\_\_\_\_ State \_\_\_\_\_

4. Full Address of Place (a) From which consigned (b) to which consigned.  
 (a) Name \_\_\_\_\_ Address \_\_\_\_\_ State \_\_\_\_\_  
 (b) Name \_\_\_\_\_ Address \_\_\_\_\_ State \_\_\_\_\_

5. If the consignor is transporting goods:  
 (a) In pursuance of sale for purpose of delivery to the buyer; or  
 (b) After purchasing them; or  
 (c) From one of the shops or godown to an agent for sale;  
 (d) From shop or godown to another shop or godown for purpose of storage or sale; or  
 (e) To his principal, having purchased them on his behalf; or  
 (f) To his agent for sale on consignment basis  
 (Mark "✓" whichever is applicable)

**THE NAME AND ADDRESS OF THE DEALER/PERSON TO WHOM THE GOODS ARE CONSIGNED OR FROM WHOM GOODS WERE PURCHASED**

Name	TIN/GRN
Address	State

Sl.No.	Commodity	Invoice No./Date	Quantity	Value of Goods
1				
2				
3				
4				
5				
6				

7. Name and address of the owner of the goods vehicle or vessel by which the goods are consigned:  
 Name \_\_\_\_\_ Vehicle/Vessel Number \_\_\_\_\_  
 Address \_\_\_\_\_

Declaration:  
I/We certify that to the best of my/our knowledge the particulars furnished here are true and correct.  
Signature of the Consignor \_\_\_\_\_

**FORM T-2**

Invoice Details:-  
Invoice No: \_\_\_\_\_ Date: \_\_\_\_\_ Total Invoice Amount: \_\_\_\_\_

Identity of Supplier :-  
TIN: \_\_\_\_\_

3. Name and address of the Consignor:  
Name \_\_\_\_\_ Address \_\_\_\_\_ State \_\_\_\_\_

4. Full Address of Place (a) From which consigned (b) to which consigned.  
 (a) Name \_\_\_\_\_ Address \_\_\_\_\_ State \_\_\_\_\_  
 (b) Name \_\_\_\_\_ Address \_\_\_\_\_ State \_\_\_\_\_

5. If the consignor is transporting goods:  
 (a) In pursuance of sale for purpose of delivery to the buyer; or  
 (b) After purchasing them; or  
 (c) From one of the shops or godown to an agent for sale;  
 (d) From shop or godown to another shop or godown for purpose of storage or sale; or  
 (e) To his principal, having purchased them on his behalf; or  
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Name	TIN/GRN
Address	State

Sl.No.	Commodity	Invoice No./Date	Quantity	Value of Goods
1				
2				
3				
4				
5				
6				

7. Name and address of the owner of the goods vehicle or vessel by which the goods are consigned:  
 Name \_\_\_\_\_ Vehicle/Vessel Number \_\_\_\_\_  
 Address \_\_\_\_\_

Declaration:  
I/We certify that to the best of my/our knowledge the particulars furnished here are true and correct.  
Signature of the Consignor \_\_\_\_\_

**RECEIPT & DELIVERY REGISTER OF TRANSPORT/ CLEARING AGENCY (INWARD)**

Name of the Transport Agency.....  
Head Office in the State at.....

S.No	Date of Receipt	Vehicle No.	Challan No. Date	Booking station	Delivery station.
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					
13					
14					

No of Pkgs.	Nature of goods	Value of the goods	Reference to Consignors Certificate Of ownership No. Date	Way Bill of the Tpt. agency No. Date

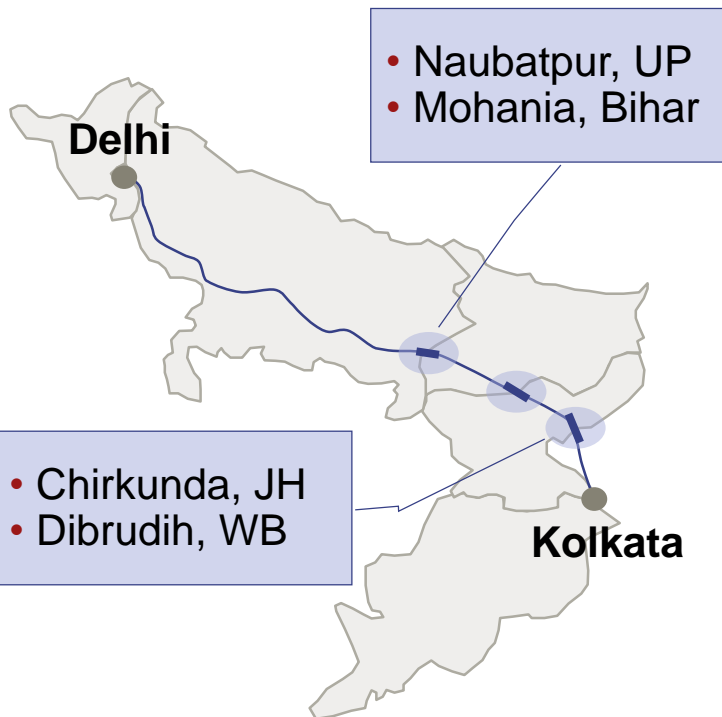
Date of Delivery \_\_\_\_\_

Name & full address of the person taking delivery of goods.	His relation with dealer	Registration No. GST	Sales Tax Circle in which Assessed	Quantity	Value Rs. P.

Source: State commercial tax documents

1 This leads to time being wasted during/ in preparation of the journey

## UP – Bihar border example



## Documentation differences

### UP Transit

FORM -XL  
Department of Commercial Taxes, Government of Uttar Pradesh  
[See rule 54(b) of the UPVAT Rules, 2008]  
Trip Sheet

[Separate trip sheets shall be submitted for goods meant for different destinations]

Trip Sheet No.		Date	Vehicle No.							
1	Name and Address of Transporter, carrier or forwarding agent									
2	Phone No. (if any)									
3	Service Provider no. of the carrier, if any		w.e.f.							
4	Name and address of the owner of the vehicle									
5	Phone No. (if any)									
6	Name and address of the driver									
7	Driving license no.									
8	Phone No. (if any)									
Sl. No.	G.R. No.	Consignor	Consignee	Station from	Station to	Bill no. / Chalan no./date	Description of goods	Weight measure/ Quantity	Value of goods	Import declaration no.
1	2	3	4	5	6	7	8	9	10	11

### Bihar Transit

Form D-VII  
Form of Declaration under section 62 of the Bihar Value Added Tax Act, 2005  
[See rule 40]  
(To be produced in Triplicate before the appropriate authority)

To, \_\_\_\_\_ of Commercial Taxes.

The \_\_\_\_\_ hereby -

In accordance with the provisions of rule 40 of the Bihar Value Added Tax Rules, 2005

I/We hereby -

(a) declare that the following consignment of \_\_\_\_\_ is being moved by me/us on my/our behalf to \_\_\_\_\_ by road/ river craft/.

(b) apply for permission to transport the following consignment of \_\_\_\_\_ from \_\_\_\_\_ to \_\_\_\_\_ by road/ river craft/.

(c) declare that the following consignment of \_\_\_\_\_ is proposed to be transported across the state of Bihar by me/us on my/our behalf by road/ river craft/.

1. Name and Address of Consignor \_\_\_\_\_

2. Taxpayer Identification Number of the Consignor \_\_\_\_\_

3. Name and Address of the Consignee \_\_\_\_\_

- **Difference in validity of transit pass**
  - Bihar: 24 hours; UP: 90 hours
- Typically, transit passes prepared through **agents over internet (commercial tax website) – outages increase preparation time**
  - Drivers spend 1-3 hours for transit pass preparation
  - Bilty with multiple invoices take more time

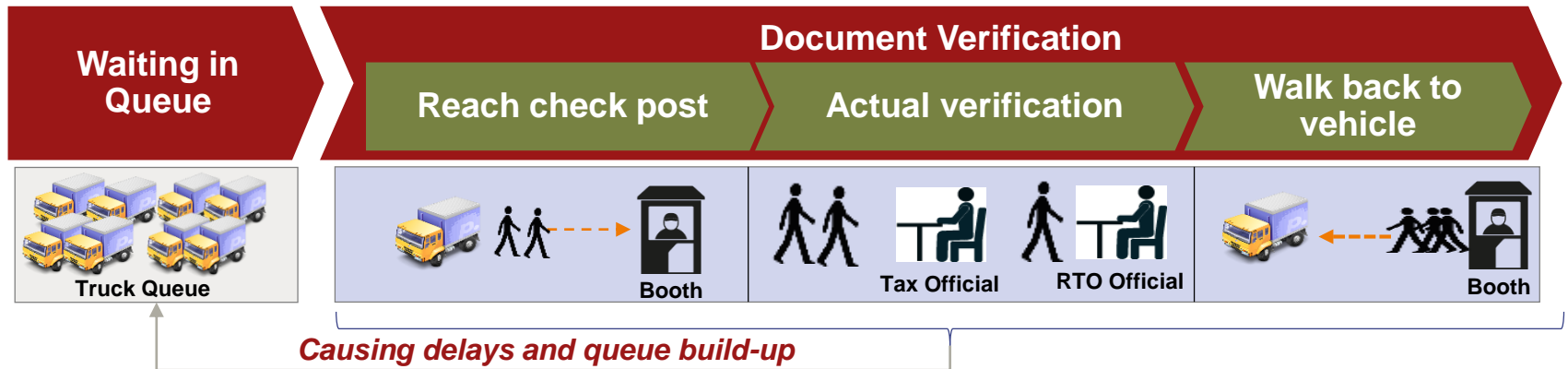
**Need for separate documents, coupled with ICT issues, increases the document preparation time, and in some cases, the journey time**

② The process of border verification is marred by 3 key issues – poor design, inefficient operations & technology constraints

**Process and issues in document verification**



Key Process Steps



Key Issues

**Poor Design**

- In many instances, **drive-through checkpoints not present** for document verification
- Verification centers **located off-highway (~150 m)**

**Inefficient Operations**

- **Drive-through checkpoints not operational/ in operation partially, leading to capacity reduction**

**Technology Constraints**

- **System outages**, causing large delays
- **Hardware complexities** (screen size, etc.), leading to higher processing time



# There is need to extend Indian and global best practices across the country to ease freight movement



## India Best Practices



## Global Best Practices

Features

- **Inter-state border movement for few Indian states is efficient – need to extend best practices to other states**
  - **Rajasthan:** No border check posts; **Flying squads of CTOs** to carry out sample checks
  - **Maharashtra:** **No state specific documentation required**; no checkposts
  - **AP:** **Single window** for all except RTO, **common form** (Form 600) for inbound/ outbound/ transit
  - **Gujarat:** **Single metaform per trip**

- **USA:** Centralized inter-state goods movement
  - **3 documents required: Field requirements specified** by central govt., **no specific form**
  - **No inter-state check points:** Border check posts entirely eliminated
- **Europe:** TIR system of inter-country movement
  - Vehicle **containers sealed at origin**, intermittent checks only for suspicious cases
  - Available only for **authorized transporters**

Steps for pan-India implementation

- **Share best practices:** Collate best practices across states and suggest specific recommendations to states
- **Accelerate implementation:** Incorporate appropriate best practices in priority states

- **ICT infrastructure upgrade:** Integrate required databases centrally to reduce # of input fields
- **Incentivize complying transporters:** Identify & ease inter-state movement for transporters having a history of regular compliance

## 3-pronged approach is needed to ease freight movement through inter-state borders in short-to-medium term (1/2)

### Theme

### Improvement

1

#### Document complexity reduction

- **Rationalize fields in current forms and standardize across states**
  - **Reduce redundant fields** (~4 in total, out of 25) such phone #, date of registration of consigner/consignee, invoice # & driver details
  - **Develop common form across all states** to reduce complexity
- **Integrate inter-state IT backend infrastructure** to enable **one-form-per-trip**, with further rationalization of fields (potential reduction of 4 more fields)

2

#### Strengthen ICT backbone

- **Ensure availability of state commercial tax websites**
  - **Mandate high service levels (~99%) of commercial tax websites**, with strong penalty provision to website managing organizations
  - **Clearly define maintenance time-periods with fixed periodicity**; additional slots to be notified in advance
- **Improve hardware to improve efficiency**
  - **Large screen devices** for checkpoints for ease of data-entering

## 3-pronged approach is needed to ease freight movement through inter-state borders in short-to-medium term (2/2)

### Theme

### Improvement

3

Verification  
process  
effectiveness

- **Design Improvements**

- **Construct additional booths to manage peak traffic** – use statistical assessment of traffic data to identify requirement
- **Construct drive-through checkpoints** at all borders to improve capacity, and ensure co-location of all relevant checkpoints (CTO, RTO, mines, forests, etc.)

- **Operational Improvements**

- **Number of operational booths to be in line with expected traffic** – use statistical analysis to predict manning & update basis on-ground situation
- **Ensure usage of existing drive-through checkpoints** – mandate document verification through existing drive-through windows
- **Reduce processing time through barcode scanning** of form numbers

**In addition, there is need of strong compliance and monitoring at inter-state borders to assess performance and manage course-correction**

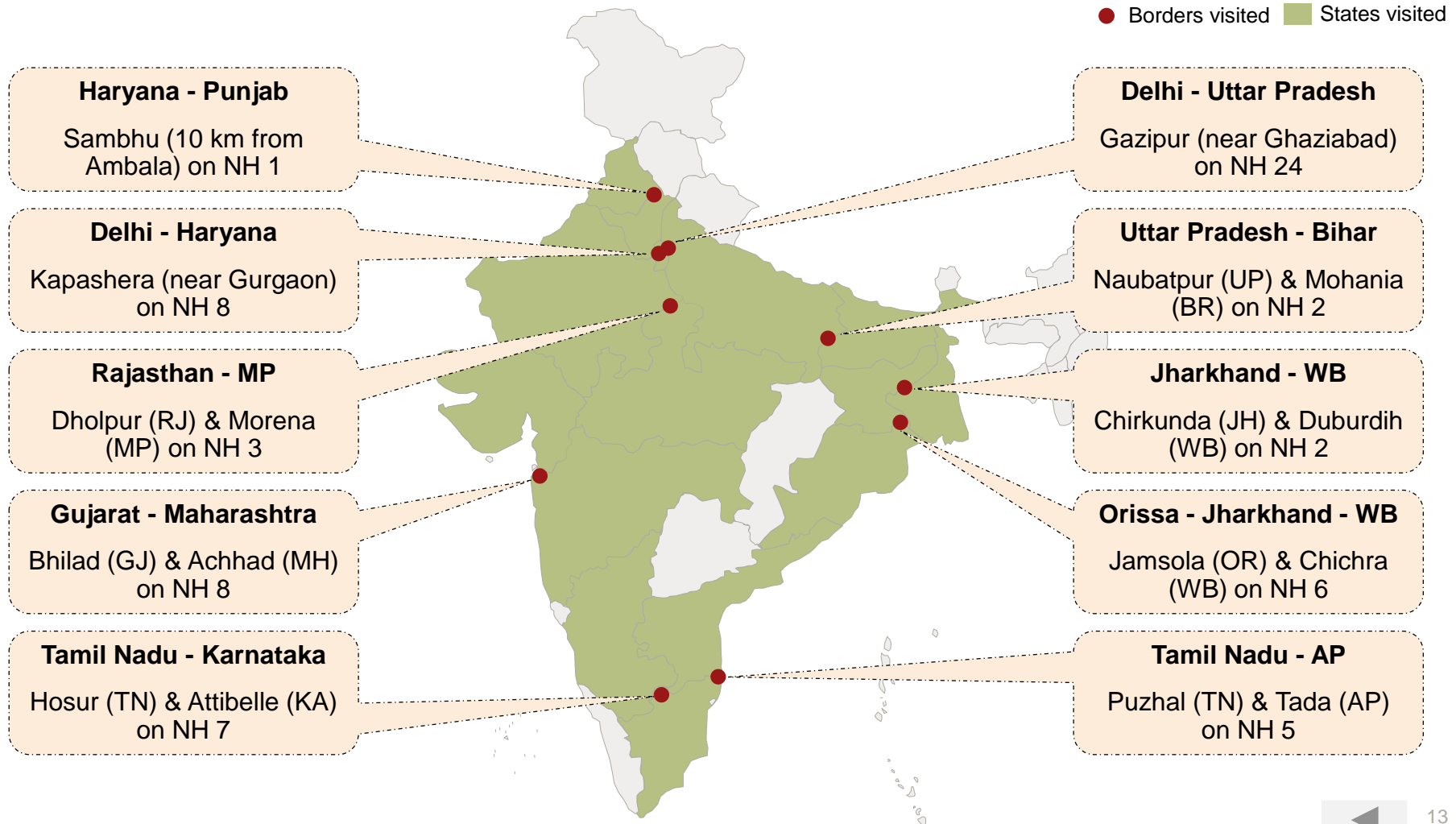
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# The process, issues & potential solutions for inter-state movement have been identified through primary research

## Locations covered



# 1 Standardization of inbound, outbound & transit forms across all states can be institutionalized using existing infrastructure

• **Common form for inbound, outbound and transit**

• **Rationalized details requirement:**  
Reduced consigner-consignee field details

• **No driver details for commercial tax documents**

**Form XX**  
For Inbound / Outbound / Transit for State \_\_\_\_\_

Origin of goods State: \_\_\_\_\_ District: \_\_\_\_\_  
 Destination of goods State: \_\_\_\_\_ District: \_\_\_\_\_

**Consignee details**  
 VAT/CST #: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_

**Consigner details**  
 VAT/CST #: \_\_\_\_\_  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_

Nature of transaction:  Inter-state sale  Depot transfer  Job works/ Works contract  
 Consignment to branch/ agent  For export

**Consignment Details**

Consignment #	Description of Goods	Commodity Code	Quantity	Unit	Value of goods (INR)	Tax Rate	Tax levied (INR)
<b>Total value of goods (INR)</b>						<b>Total tax (INR)</b>	

**Transporter Details**  
 Name: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 Owners Name: \_\_\_\_\_

**Vehicle Details**  
 Vehicle RC #: \_\_\_\_\_  
 Lorry Receipt #: \_\_\_\_\_

Proposed form (short-term solution)

• Field to mention name of state for which form is filled

• **Entire break-up of consignment details**

• **Standardized commodity codes across states**

• **Form to be incorporated across states**

• **For online filling, auto-filling of fields may further reduce effort**

# 1 ICT integration will enable reduction of paper-work to a single form for each trip

Proposed form (medium-term solution)

**Form XX**

**Transporter Details** Name: \_\_\_\_\_ Owners Name: \_\_\_\_\_  
 Address: \_\_\_\_\_

**Vehicle Details** Vehicle RC #: \_\_\_\_\_ Lorry Receipt #: \_\_\_\_\_

**Consignments Details**

#	Origin		Destination		Consigner	Consignee	Nature of transaction <sup>1</sup>	Commodity Code	Description of Goods	Quantity	Unit	Value of goods (INR)	Tax	Total
	State	District	State	District	VAT/CST #	VAT/CST #								
1	DL	XX	MH	YY	12345678901	12345678902	For export	VIII102	Parcels	500	Nos	12,34,567	14	1,72,839.40
2	DL	XX	KA	ZZ	12345678901	12345678903	Inter-state sale	VIII102	Parcels	300	Nos	5,67,890	14	79,504.60
...														

**Summary**

State type	#	State Name	Total Value of Goods (INR)	Total Tax Levied (INR)
Outbound		Delhi	18,02,457	2,52,344
Inbound	1	Maharashtra	12,34,567	
Inbound	2	Karnataka	5,67,890	

<sup>1</sup> Drop-down with the following options: Inter-state sale, Depot transfer, Job works/ Works contract, Consignment to branch/ agent, For export

• **No change** in transporter & vehicle details

• Origin-destination, consigner-consignee details combined in a row to allow only one form for one trip

• **Auto-generated summary table** to ease checking by all officials across states & individually approve for their state

# Documentation & procedure simplification

## Stage 1: Standardized, efficient inter-state border movement

## Stage 2: Removal of physical inter-state borders

Description

- **Reduce document complexity:** *One form across all states/ one form per trip*
- **Increase verification effectiveness:** *Integrated drive-through checkpoints with optimal booths & manning, barcode usage*
- **Improve ICT backbone:** *Improve website service levels; optimal hardware*

- **Remove border checkpoints** *to enable smooth movement*
- **Manage by exception**
  - *Flying squads for random checks*
  - *Increase penalties to deter non-compliance*

Pros

- **Better acceptability & easier implementation**

- **Best-in-class procedure implementation**

Cons

- **Incremental benefit to status quo**

- **Step change for states** – difficult to generate buy-in across all

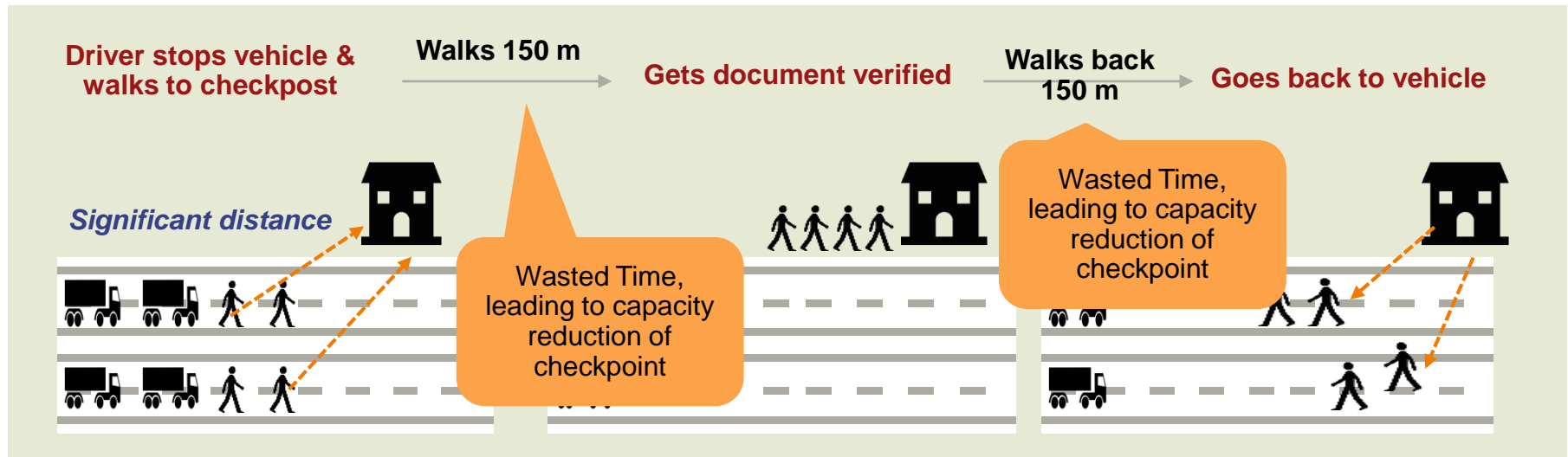
**Stage 2 is the preferred end-state; Stage 1 implementation may be needed to manage change effectively**



## 2 Design issues reduce capacity of checkpoints, due to time spent in driver movement

### Checkpoint design issues

Seen at UP, Bihar, WB, TN, AP, Punjab



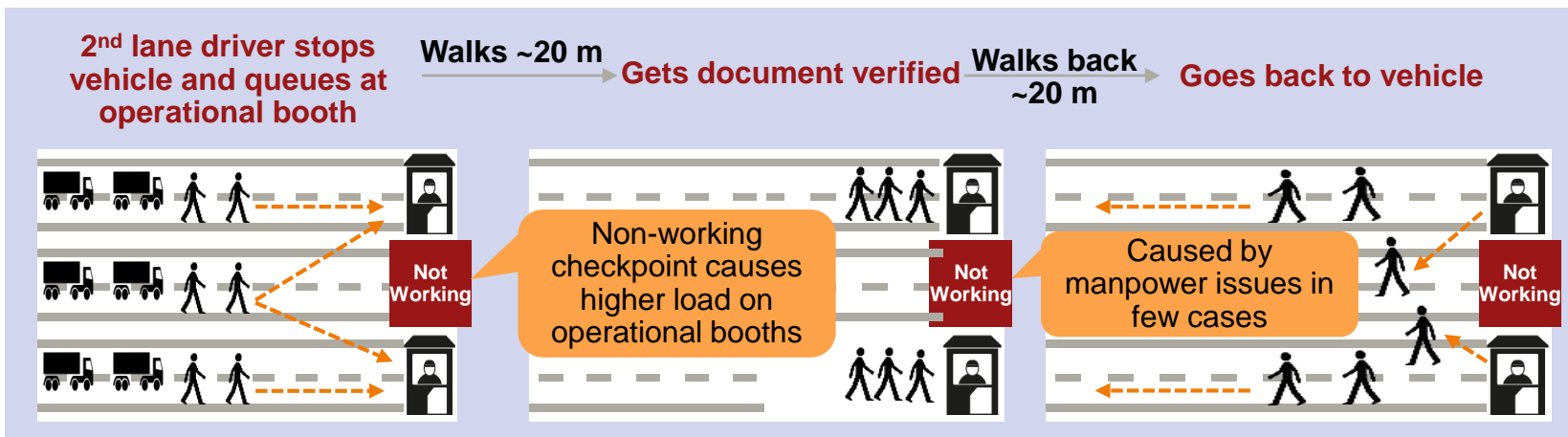
- In few cases, the **commercial tax verification check-post off highway** – need for drivers to get down and walk ~150 m
- **Leads to wastage of time of drivers**, leading to capacity constraint
- **Further capacity reduction in monsoon, peak summers** due to non-availability of good waiting facilities at verification center

## 2 In addition, partial operation/ non usage of checkpoint infrastructure constrains processing capacity

### Checkpoint operational issues

Case 1 seen at all border checkpoints  
Case 2 seen at Bihar, GJ, WB, JH, Orissa

Case 1: Partial operation of checkpoints



Case 2: Drive through checkpoints not used

