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.

### Delhi – Mumbai Route

<table>
<thead>
<tr>
<th></th>
<th>Normal</th>
<th>Toll</th>
<th>Border check post</th>
<th>Congestion</th>
<th>Resting time</th>
<th>Run time</th>
<th>Total Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>1431 km</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Time (hours)</td>
<td>3-4</td>
<td>7-9</td>
<td>10-12</td>
<td>30-40</td>
<td>55-60</td>
<td>105-125</td>
<td></td>
</tr>
<tr>
<td>5-10%</td>
<td>3</td>
<td>7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7%</td>
<td></td>
<td>7%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3-4</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30%</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- **ETC initiative being rolled out to reduce time loss**
- **Typically single driver: No chain link/relay of drivers**
- **Reduced run time due to better vehicles**

- **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

<table>
<thead>
<tr>
<th>Route</th>
<th>Entry (in hrs)</th>
<th>Exit (in hrs)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bangalore-Delhi Route</strong></td>
<td>KA 1.4</td>
<td>RJ 0.1</td>
</tr>
<tr>
<td></td>
<td>MH 0.5</td>
<td>HR 0.0</td>
</tr>
<tr>
<td><strong>Delhi-Kolkata Route</strong></td>
<td>HR 0.6</td>
<td>JH 0.2</td>
</tr>
<tr>
<td>(till Bharagora)</td>
<td>UP 3.0</td>
<td>BR 2.0</td>
</tr>
<tr>
<td></td>
<td>MP 1.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>MH 0.4</td>
<td></td>
</tr>
<tr>
<td><strong>Delhi-Mumbai Route</strong></td>
<td>DL 0</td>
<td>MH 0</td>
</tr>
<tr>
<td></td>
<td>HR 0.5</td>
<td>GJ 0.3</td>
</tr>
<tr>
<td></td>
<td>RJ 0.6</td>
<td></td>
</tr>
<tr>
<td></td>
<td>DL 0</td>
<td></td>
</tr>
</tbody>
</table>

All values in hrs

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

Source: GPS data of express transporters, A.T. Kearney analysis
Crossing inter-state borders includes 3 key steps, each having its own set of complexities

### Key Activities

1. **Document preparation**
   - Consignment related documentation requirement:
     - Inbound/outbound VAT form for origin & destination states
     - Transit pass for states in route
   - Online forms to be filled for most states

2. **State border document verification**
   - Tax document verification by CTO\(^1\): VAT form/ transit pass, invoice & bill
   - Overloading & vehicle document verification by RTO:
   - Checks by other relevant authorities based on commodity carried (forests, mines, etc.)

3. **Within state checks**
   - Floating CTO document verification: Surprise checks to verify goods being transported
   - Floating RTO checks: Check of vehicle & driver documents (driving license, pollution, etc.)

### Key Complexities

- Difference in form requirements across states
- High downtime for state commercial tax websites
- Sub-optimal design & inefficient operation of check-posts
- Technology constraints (software/hardware)
- No issues if required documents are available & accurate

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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

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

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

Source: State commercial tax documents, A.T. Kearney analysis
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

Source: State commercial tax documents
This leads to time being wasted during/in preparation of the journey.

UP – Bihar border example

Documentation differences

**UP Transit**
- Naubatpur, UP
- Mohania, Bihar

**Bihar Transit**
- Chirkunda, JH
- Dibrudih, WB

**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.

Source: Field Visits, Interviews with transporters & tax officials, State commercial tax documents, A.T. Kearney
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

Waiting in Queue

- Truck Queue

Document Verification

- Reach check post
- Actual verification
- Walk back to vehicle

Causing delays and queue build-up

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

1. Source: Field Visits, Interviews with transporters & tax officials, A.T. Kearney
There is need to extend Indian and global best practices across the country to ease freight movement

**India Best Practices**
- **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

**Global Best Practices**
- **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

Source: A.T. Kearney global team, primary & secondary research
3-pronged approach is needed to ease freight movement through inter-state borders in short-to-medium term (1/2)

<table>
<thead>
<tr>
<th>Theme</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td><strong>Document complexity reduction</strong></td>
</tr>
<tr>
<td></td>
<td>• Rationalize fields in current forms and standardize across states</td>
</tr>
<tr>
<td></td>
<td>- <strong>Reduce redundant fields</strong> (~4 in total, out of 25) such as phone #, date of registration of consigner/consignee, invoice # &amp; driver details</td>
</tr>
<tr>
<td></td>
<td>- <strong>Develop common form across all states</strong> to reduce complexity</td>
</tr>
<tr>
<td></td>
<td>• <strong>Integrate inter-state IT backend infrastructure</strong> to enable <strong>one-form-per-trip</strong>, with further rationalization of fields (potential reduction of 4 more fields)</td>
</tr>
<tr>
<td>2</td>
<td><strong>Strengthen ICT backbone</strong></td>
</tr>
<tr>
<td></td>
<td>• <strong>Ensure availability of state commercial tax websites</strong></td>
</tr>
<tr>
<td></td>
<td>- <strong>Mandate high service levels</strong> (~99%) of commercial tax websites, with strong penalty provision to website managing organizations</td>
</tr>
<tr>
<td></td>
<td>- <strong>Clearly define maintenance time-periods with fixed periodicity</strong>; additional slots to be notified in advance</td>
</tr>
<tr>
<td></td>
<td>• <strong>Improve hardware to improve efficiency</strong></td>
</tr>
<tr>
<td></td>
<td>- <strong>Large screen devices</strong> for checkpoints for ease of data-entering</td>
</tr>
</tbody>
</table>

Source: Primary research, interviews with operators, transporters and officers, A.T. Kearney analysis
3-pronged approach is needed to ease freight movement through inter-state borders in short-to-medium term (2/2)

<table>
<thead>
<tr>
<th>Theme</th>
<th>Improvement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Verification process</td>
<td>• <strong>Design Improvements</strong></td>
</tr>
<tr>
<td>effectiveness</td>
<td>- Construct additional booths to manage peak traffic – use statistical</td>
</tr>
<tr>
<td></td>
<td>assessment of traffic data to identify requirement</td>
</tr>
<tr>
<td></td>
<td>- Construct drive-through checkpoints at all borders to improve capacity,</td>
</tr>
<tr>
<td></td>
<td>and ensure co-location of all relevant checkpoints (CTO, RTO, mines,</td>
</tr>
<tr>
<td></td>
<td>forests, etc.)</td>
</tr>
<tr>
<td></td>
<td>• <strong>Operational Improvements</strong></td>
</tr>
<tr>
<td></td>
<td>- Number of operational booths to be in line with expected traffic – use</td>
</tr>
<tr>
<td></td>
<td>statistical analysis to predict manning &amp; update basis on-ground</td>
</tr>
<tr>
<td></td>
<td>situation</td>
</tr>
<tr>
<td></td>
<td>- Ensure usage of existing drive-through checkpoints – mandate</td>
</tr>
<tr>
<td></td>
<td>document verification through existing drive-through windows</td>
</tr>
<tr>
<td></td>
<td>- Reduce processing time through barcode scanning of form numbers</td>
</tr>
</tbody>
</table>

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

Source: Primary research, interviews with operators, transporters and officers, A.T. Kearney analysis
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<table>
<thead>
<tr>
<th><strong>Americas</strong></th>
<th>Atlanta</th>
<th>Bogotá</th>
<th>Calgary</th>
<th>Chicago</th>
<th>Dallas</th>
<th>Detroit</th>
<th>Houston</th>
<th>Mexico City</th>
<th>New York</th>
<th>Palo Alto</th>
<th>San Francisco</th>
<th>São Paulo</th>
<th>Toronto</th>
<th>Washington, D.C.</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Asia Pacific</strong></td>
<td>Bangkok</td>
<td>Beijing</td>
<td>Hong Kong</td>
<td>Jakarta</td>
<td>Kuala Lumpur</td>
<td>Melbourne</td>
<td>Mumbai</td>
<td>New Delhi</td>
<td>Seoul</td>
<td>Shanghai</td>
<td>Singapore</td>
<td>Sydney</td>
<td>Taipei</td>
<td>Tokyo</td>
</tr>
<tr>
<td><strong>Europe</strong></td>
<td>Amsterdam</td>
<td>Berlin</td>
<td>Brussels</td>
<td>Bucharest</td>
<td>Budapest</td>
<td>Copenhagen</td>
<td>Düsseldorf</td>
<td>Frankfurt</td>
<td>Helsinki</td>
<td>Istanbul</td>
<td>Kiev</td>
<td>Lisbon</td>
<td>Ljubljana</td>
<td>London</td>
</tr>
<tr>
<td><strong>Middle East and Africa</strong></td>
<td>Abu Dhabi</td>
<td>Doha</td>
<td>Dubai</td>
<td>Johannesburg</td>
<td>Manama</td>
<td>Riyadh</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
The process, issues & potential solutions for inter-state movement have been identified through primary research.

**Locations covered**

- **Haryana - Punjab**
  Sambhu (10 km from Ambala) on NH 1

- **Delhi - Haryana**
  Kapashera (near Gurgaon) on NH 8

- **Rajasthan - MP**
  Dholpur (RJ) & Morena (MP) on NH 3

- **Gujarat - Maharashtra**
  Bhilad (GJ) & Achhad (MH) on NH 8

- **Tamil Nadu - Karnataka**
  Hosur (TN) & Attibelle (KA) on NH 7

- **Delhi - Uttar Pradesh**
  Gazipur (near Ghaziabad) on NH 24

- **Uttar Pradesh - Bihar**
  Naubatpur (UP) & Mohania (BR) on NH 2

- **Jharkhand - WB**
  Chirkunda (JH) & Duburdih (WB) on NH 2

- **Orissa - Jharkhand - WB**
  Jamsola (OR) & Chichra (WB) on NH 6

- **Tamil Nadu - AP**
  Puzhal (TN) & Tada (AP) on NH 5

Source: A.T. Kearney
Standardization of inbound, outbound & transit forms across all states can be institutionalized using existing infrastructure.

**Proposed form (short-term solution)**

- **Common form for inbound, outbound and transit**
- **Rationalized details requirement**: Reduced consigner-consignee field details
- **No driver details for commercial tax documents**
- **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**

Source: A.T. Kearney analysis, Lakshmikumaran & Sridharan
ICT integration will enable reduction of paper-work to a single form for each trip

**Proposed form (medium-term solution)**

- **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

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**Form XX**

**Transporter Details**
- Name: 
- Address: 

**Vehicle Details**
- Vehicle RC #: 
- Lorry Receipt #: 

**Consignments Details**

<table>
<thead>
<tr>
<th>#</th>
<th>Origin</th>
<th>Destination</th>
<th>Consigner VAT/CST #</th>
<th>Consignee VAT/CST #</th>
<th>Nature of transaction¹</th>
<th>Commodity Code</th>
<th>Description of Goods</th>
<th>Quantity</th>
<th>Gross Value (INR)</th>
<th>Rate (INR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>DL XX</td>
<td>MH YY</td>
<td>12345678901</td>
<td>12345678902</td>
<td>For export</td>
<td>VIII102</td>
<td>Parcels</td>
<td>500</td>
<td>12,34,567</td>
<td>14</td>
</tr>
<tr>
<td>2</td>
<td>DL XX</td>
<td>KA ZZ</td>
<td>12345678903</td>
<td>12345678904</td>
<td>Inter-state sale</td>
<td>VIII102</td>
<td>Parcels</td>
<td>300</td>
<td>5,67,890</td>
<td>14</td>
</tr>
<tr>
<td>...</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Summary**

<table>
<thead>
<tr>
<th>State type</th>
<th>#</th>
<th>State Name</th>
<th>Total Value of Goods (INR)</th>
<th>Total Tax Levied (INR)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outbound</td>
<td></td>
<td>Delhi</td>
<td>18,02,457</td>
<td>2,52,344</td>
</tr>
<tr>
<td>Inbound 1</td>
<td></td>
<td>Maharashtra</td>
<td>12,34,567</td>
<td></td>
</tr>
<tr>
<td>Inbound 2</td>
<td></td>
<td>Karnataka</td>
<td>5,67,890</td>
<td></td>
</tr>
</tbody>
</table>

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

Source: A.T. Kearney analysis, Lakshmikumar & Sridharan
## Documentation & procedure simplification

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

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

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

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

<table>
<thead>
<tr>
<th>Description</th>
<th>Pros</th>
<th>Cons</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Pros</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Better acceptability &amp; easier implementation</td>
<td>Incremental benefit to status quo</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th><strong>Cons</strong></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Best-in-class procedure implementation</td>
<td>Step change for states – difficult to generate buy-in across all</td>
</tr>
</tbody>
</table>

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

Source: Primary visit and interviews at Haryana, Punjab, Rajasthan, Gujarat, Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh, Orissa, Bihar, West Bengal, Jharkhand, Uttar Pradesh borders, secondary research, A.T. Kearney analysis
Design issues reduce capacity of checkposts, due to time spent in driver movement

Checkpoint design issues

- 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

Source: Field Visits, Interviews with transporters & tax officials, A.T. Kearney

Seen at UP, Bihar, WB, TN, AP, Punjab
In addition, partial operation/ non usage of checkpoint infrastructure constrains processing capacity

Checkpoint operational issues

Case 1: Partial operation of checkpoints

2nd lane driver stops vehicle and queues at operational booth

Walks ~20 m

Gets document verified

Walks back ~20 m

Goes back to vehicle

Non-working checkpoint causes higher load on operational booths

Caused by manpower issues in few cases

Case 2: Drive through checkpoints not used

Driver stops vehicle & walks to checkpoint

Walks ~20 m

Gets document verified

Walks back ~20 m

Goes back to vehicle

Wasted Time, leading to capacity reduction of checkpoint

Booth height not optimal

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

Source: Field Visits, Interviews with transporters & tax officials, A.T. Kearney