

OFFICE OF THE COMMISSIONER OF CUSTOM (EXPORT)

JAWAHARLAL NEHRU CUSTOM HOUSE,

SHEVA, TALUKA-URAN, DISTRICT-RAIGAD, MAHARASHTRA 400 707.

F. No. S/16-DEEC-GEN-1520/09/VII D

Dated: 09.11. 2009

**STANDING ORDER No. 53/2009**

(Referred / amended vide S.O.No. 09/2011)

**Subject :- Procedure to be followed in case of DEEC / Advance Authorisation Scheme- regarding.**

1. In this regard, Attention of all the officers concerned is invited to the notification numbers 91/04-Cus dated 10.9.2004 (Advance Authorization for deemed Exports), 93/04-Cus dated 10.9.2004 (normal Advance Authorization scheme) and 94/04-Cus dated 10.9.2004 (Advance Authorization for Annual requirement). Notification Nos. 96/2009-Cus and 99/2009-Cus both dated 11.9.2009 and 112/09-Cus dated 29.9.09 which have been issued to operationalize the Advance Authorization, Advance Authorization for Annual requirement and Advance Authorization for deemed export schemes respectively under the new Policy and Board's Circular Nos.24/2002 dated 06/-05/2002, 58/2004 dated 21/10/2004 ,17/2009-cus dated 25/5/2009 and Circular No. 26 /2009-Cus. dated 30th September, 2009 and **Public Notice Number 78/2009 dated 21/10/2009** in case of DEEC/ADVANCE AUTHORISATION SCHEME. please find enclosed **Board's Circular No. 26/2009-Customs dated 30th September, 2009** issued vide F.NO.605/58/2009-DBK and **Public Notice No.78 /2009 dated 21/10/2009** issued from F.No. S/16-DEEC-GEN-1520/09/VII D.
2. All the concerned officers are directed to comply with the provisions of the above said Notifications,Circulars and Public Notice scrupulously.
3. **Part- I Procedures for Registration of Advance Authorisation.**
  - 3.1 The licence-holder or their representative has to get **NO ALERT** and **BULLETIN- VERIFICATION (SIGNATURE** verification of licence issuing authority for only those Licences which are not transmitted online.) from the **Licence section** for registration of Licence. The DOS / ACAO ( licence section) shall maintain and update the **Alert-List**. The DOS / ACAO ( licence section) shall check the alert list before endorsing the **No Alert** on the original Custom copy of the Licence submitted by the Licence holder/CHA .

◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ The clerk/ Tax Assistance (Licence Section) shall maintain the record of specimen signatures of licence issuing authorities received from the Regional Licence Authorities under the supervision of Appraiser (Licence Section). The ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ BULLETIN- VERIFICATION (SIGNATURE verification) of licence issuing authority for only those Licences which are not transmitted online, **shall be done** and endorsed on the Licence by the the clerk/ Tax Assistance (Licence Section) and will be countersigned by the Appraiser (Licence Section). The ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ BULLETIN-

◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ VERIFICATION (SIGNATURE verification) of licence is not required in case online transmitted Licences.

3.2 ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ The advance authorization Licences are classified in two categories as under-

◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ A) ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ Advance authorization / Licences issued **after** fulfillment of Export ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ Obligation.

◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ B) ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ Advance authorization / Licences issued **before** fulfillment of Export ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ Obligation.

3.2A ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ Procedures for registration of advance authorization/Licences issued **after** ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ fulfillment of Export Obligation.-

◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ EDI Service centre will generate ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ check-list on the basis of application alongwith details of the licence submitted by the Licence holder/CHA. The Licence holder/CHA will check/verify the details of check list & then submit it to service centre for generation of **Job No.** for registration of the licence. After generation of Job No. for registration of licence, it will be transmitted to the EDI screen of the AO(Licence) for registration of the licence in the EDI system.

◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ In the case of online transmitted licences, the details of the Licence ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ will be automatically transmitted from ICEGATE to EDI screen of AO(Licence). Therefore, for online transmitted licence, there is **no** requirement ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ of ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ generation of check list and Job Nos from service centre.

◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ Customs Appraiser (AO- Licence section) shall check the following documents for registration of the Advance Authorization / Licence:-

- i) ◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆◆ Original Custom copy of the Advance Authorization / Licence issued by the licencing authority.

ii) **Original EODC (Export Obligation Discharged Certificate)** alongwith Annexure showing the **detailed statement of exports** taken into consideration by the Licencing Authority for issuance of EODC.

iii) Part **F** statement / export verification sheet duly verified by the Customs Authority in case of **physical export**. In case of **deemed export**, the related excise invoices and CT-3 duly certified / verified by the excise authority. (This is only for those licences where the licencing authority has made specific endorsement in the redemption letter/no Bond Certificate for such verification. In other cases, Customs may verify the exports on random basis).

iv) For licences issued under new Foreign Trade Policy 2009-14 the following additional documents will be required :

If the exporter has availed the facilities in respect of inputs used in the manufacture of export goods as specified in para (v) of notification No. 96/2009-Cus dated 11.9.2009, para (v) of notification No. 99/2009-Cus dated 11.9.2009 and para (v) of notification No. 112/09-Cus dated 29.9.09, then the importer at the time of clearance of the imported materials **shall execute a bond** that the imported materials will be used in his factory or in the factory of the supporting manufacturer for the manufacture of dutiable goods.

In this regard, it is clarified that, there is no need to furnish any Bank Guarantee ordinarily along with the bond, as the imports are taking place after fulfilment of Export Obligation. However, if the assessing officer, based on past record of the importer, feels that some revenue safe guarding measure is necessary, then a bond backed with sufficient bank guarantee may be taken.

The importer also has **an option to pay additional duty of customs** on the imported materials and clear the goods without furnishing any bond as specified above. This additional duty of customs so paid shall be eligible for availing CENVAT Credit under CENVAT Credit Rules, 2004.

If the facility under **rule 18** (rebate of duty paid on materials used in the manufacture of resultant product) or **sub-rule (2) of rule 19** of the Central Excise Rules, 2002 or CENVAT credit under CENVAT Credit Rules, 2004 has **not been availed**, then the imported materials can be cleared without furnishing a bond specified above. However, the importer will have to furnish a proof to the assessing officer to the effect that the **said facilities** have not been availed.

Further, he shall submit a **certificate** from the jurisdictional Central Excise officer or a specified Chartered Accountant **within 6 months from the date of clearance** of the said materials, that the imported materials have been so used. It may be

noted that in case this condition is violated, then the importer would be required to pay all duties of Customs i.e. duty of Customs, the additional duty, safeguard duty and anti dumping duty specified under sections 2, 3,8B,and 9A of the Customs Tariff Act,1975 respectively and Cess as applicable which have been exempted under the notification Numbers 96/2009-Cus,99/2009-Cus and 112/2009-Cus. The term "dutiabale goods" has been defined in the explanation to the notifications and would mean all excisable goods which are not exempt from Central Excise duty and which are not chargeable to "nil" rate of central excise duty; the term specified chartered accountant has been defined in the explanation to the notifications.

◆◆◆◆◆◆◆◆◆◆ In this regard, it is clarified that, in case the importer is not registered with the Central Excise then he may be allowed clearance based on a self declaration that the facilities specified in the above referred conditions have not been availed. The jurisdictional Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, may carry out random checks to verify the correctness of the above declarations. However in case the importer is registered with the Central Excise then he may be allowed clearance

◆◆◆◆◆◆◆◆◆◆ based on a certificate issued by the jurisdictional Superintendent of Central Excise that the facilities specified in the above referred conditions have not been availed.

v) ◆◆ All the new provisions related to the ◆ licences issued after exports, under New Policy ( FTP 2009-2014 ) mentioned above are to be checked by Customs Appraiser (Assessing Officer) Group VII D.The acceptance of the Bond/BG if required in terms of new changes for registration of Advance Authorisation shall be done in Gr.VII-D.

vi) ◆◆ AO (Licence) will accept the Job No. in EDI System and endorse the registration no. & date on the Customs copy of the licence and return the original Customs copy of the licence◆ alongwithoriginal annexures to the Licence holder/CHA.

**3.2B ◆ Procedure for Registration of Advance authorization Licences issued before◆◆◆◆ fulfillment of Export Obligation:-**

**3.2B1** The clerk ( Tax Assistant)◆ of Appraising Gr. VII D will accept following◆◆◆◆ documents from Licence holder/CHA for registration of licences :-

- i)◆◆◆◆◆◆◆◆◆◆ Request letter/Authorisation letter for registration of licence.
- ii) Original Customs copy of the Advance authorization/Licence issued by the Licensing authority alongwith condition sheet.(Original licence will be returned to licence holde after acceptance of Bond and complete set of photocopy of licencence for record ).



◆(d)◆◆◆◆◆ Any other Registration Certificate as a proof of manufacturer

◆◆◆◆◆ exporter◆ status alongwith previous export performance certificate certified◆

◆◆◆◆◆ by Chartered Accountant/any Export Promotion Council with Pan Card.

(viii)◆◆ If the Licence-holder is availing BG exemption in terms of para 3.1(a),(b), (c),◆◆◆◆◆ (d), (e) of the Board◆s Circular Nos. 58/2004 dated 21/10/2004 as amended vide◆◆◆◆◆ Circular No.17/2009-cus dated 25/5/2009,he shall submit the proof of export◆◆◆◆◆ performance or payment of duty, as the case may be, duly certified by the◆◆◆◆◆ jurisdictional Superintendent of Central Excise in case he is registered with the Central Excise. In cases where the Licence-holder is not registered with the Central Excise, but he is a registered member of an Export Promotion Council, he shall produce a certificate from the concerned Export Promotion Council. In other cases the Licence-holder shall produce a certificate duly authenticated by a practicing Chartered Accountant, who is registered with the Central Excise Department for payment of service tax, alongwith the evidences of export to the satisfaction of the Assistant Commissioner or Deputy Commissioner. The Chartered Accountant issuing the certificate will mention his STC code and other registration details in the certificate.◆◆◆◆◆ The clerk (Tax Assistant) of Appraising Gr. VII D will put up all the above mentioned documents before **Custom Appraiser Gr.VII D** for acceptance of Bond /BG.

**3.2B2(i)**-The Appraiser shall check that the BG should contain the self renewal clause/undertaking from bank to keep the BG alive till the bond for which the BG is being given is fully discharged by Asstt./Dy. Commissioner of Customs .There should be no over riding clause. The BG should be Signed by two officers of the Bank. **Customs Appraiser ( Gr.VII-D)** shall get **verified the BG** from the issuing Bank before acceptance by fax.

(ii) The appraiser of group VII- D,before acceptance of bond/BG , for registration of the Advance Authorisation ,shall scrutinise◆ properly the bond /BG including the calculation of duty foregone◆ and exempted duty structure for Bond amount.

(iii)◆◆◆◆◆ After acceptance of Bond/BG by Appraiser of Gr.VII◆D ,the AC/DC of Gr.VII D ◆◆◆◆◆ shall countersign the Bond/BG.Thereafter, the clerk will keep the original

bond / BG, Affidavit and Xerox set of the Licence and other documents in the file and **return the Original Licence** to the licence-holder/CHA.

(iv) Then the Licence-holder /CHA will get generated the check-list for acceptance of Bond/BG from EDI Service-Center. After verifying the check-list, it will be submitted to the Clerk/Tax Assistant of section of Gr.VII-D for generation of job number. Then the job related to the Bond/BG is to be accepted by the AC- GR.VIID in EDI System and Bond nos will be generated by the System.

(v) The clerk ( Tax Assistant) of Gr.VII D ,shall forward the bond (original)/ BG (copy) to the DEEC Monitoring Cell every fortnightly . The original BG will be forwarded to the CASH SECTION for safe custody and one copy of BG shall also be forwarded to the BG Monitoring Cell.

(vi) After completing all the procedures related to Bond/BG with the Appraising Group 7D, the licence holder/CHA shall submit the details of licences Bond/BG to the service centre for generation of check list registration of the Licence. The licence holder/CHA will check/verify the details of check list & then submit it to service centre for generation of Job-No. for registration of the licence. After generation of Job No. for registration of licence, it will be transmitted to the EDI screen of AO (Licence) for registration of the licence in the EDI system. The AO (Licence) will accept the Job No. in EDI system and endorse the registration no. & date on the Customs copy of the licence. In the case of online transmitted licences, the details of the Licence will be automatically transmitted from ICEGATE to EDI screen of AO (Licence). Therefore for online transmitted licence,there is **no** requirement of generation of check list and Job Nos from service centre.

(vii) **The calculation of duty and interest on the excess import Qty of import** against the Licence, as per communication/letter from the licencing authority shall be done by the Comptist under the supervision of the appraiser Gr.VII D. **The Appraiser Gr.VII D,** shall check and verify value ,the applicable duty sstructure including Anti Dumping Duty and Foreign Trade Policy before marking it to the Comptist for calculation.

#### 4.0 **Part -II- (A) Monitoring of Export obligation :-**

4.1 In terms of notification numbers 91/04-Cus dated 10.9.2004 (Advance Authorization for deemed Exports), 93/04-Cus dated 10.9.2004 (normal Advance Authorization scheme) and 94/04-Cus dated 10.9.2004 (Advance Authorization for Annual requirement), Notification Nos. 96/2009-Cus and 99/2009-Cus both dated 11.9.2009 and 112/09-Cus dated 29.9.2009 under DEEC/ADVANCE AUTHORISATION SCHEME ,the importer

has to produce evidence of discharge of export obligation to the satisfaction of the Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, within a period of **sixty days of the expiry** of period allowed for fulfillment of export obligation, or within such extended period as the said Deputy Commissioner of Customs or Assistant Commissioner of Customs, as the case may be, may allow. Monitoring of Export obligation is related with **verification of Export S/bills and Cancellation of Bond/BG.**

**4.2 Verification of Export S/bills:**

The DEEC Verification is to be done only for those licences where the licencing authority has made specific endorsement in the Redemption Letter/No Bond Certificate for such verification. The DEEC Verification Section of JNCH is presently situated at M/s Punjab Conware, Nhava Sheva. The online transmission of Export S/Bills pertaining to DEEC has only started from 01-04-2009 and the software of online transmission of E.O.D.C. is yet to be developed by DG (SYSTEM) and DFGT. Therefore, the present procedure of verification / logging of export S/Bills pertaining to DEEC scheme will continue in respect of DEEC Licences issued after 01.04.2009 also and those export Shipping Bills without having a registration number shall be logged on the basis of Advance licenceNo. / File No. issued by the DGFT. At the time of verification, the fact of verification will be recorded in the EDI System and S/Bills will be logged in the system by Custom Appraiser ( DEECVarification Cell) under the supervision of AC/DC ( DEEC Varification Cell) so that these S/Bills may not be again counted towards discharge of export obligation against any other licence. In this context, the Customs Appraiser ( DEEC Varification Cell) under the supervision of AC/DC ( DEEC Varification Cell) shall check the following documents for verification of exports and logging of exports S/Bills against the concerned Advance Licence/s---

- i) Original DEEC Licence alongwith all amendment sheets including Invalidation letters/ARO if any, issued by the Licencing authority.
- ii) Original Redemption Certificate/EODC Certificate alongwith No-Bond Certificate showing the details of exports considered by the licencing authority while issuing the EODC.
- iii) B/L or Mate receipt copy ;
- iv) ARE-1/ARE-2
- v) Any other documents, if required.



◆◆◆◆◆◆◆◆◆◆ The Tax Assistant/s posted in DEEC Verification Cell (presently situated at M/s Punjab Conware) shall prima facie check the aforesaid documents submitted by Licence holder / Authorised person / CHA and give due acknowledgement with date. In case of submission of the insufficient documents, the documents/files will be returned immediately with deficiency memo to the licence holder/Authorised person/CHA. After receipt of complete documents, the concerned T.A. will put up all those files wherever the licencing authority has not made any specific endorsement in the Redemption Letter/No Bond Certificate/EODC for such verification to the AC/DC of the DEEC Verification Cell for at random selection of the files for verification and only randomly selected files will be put up to the concerned Appraiser of the DEEC Verification Cell for verification and logging of the export Shipping Bills. In case of those licences where the licencing authority has made any specific endorsement in the Redemption Letter/No Bond Certificate for verification, the said file/s shall invariably be directly put up to the concerned Appraiser of the DEEC Verification Cell for verification and logging of the export Shipping Bills. The verification will be done by Customs Appraiser (DEEC Verification Cell) and ◆Part- F◆ will be issued duly countersigned by the AC/DC for onward submission to the DEEC Monitoring Cell, JNCH for◆ further necessary action at their end. The DEEC Verification Cell will complete the verification & logging work within 15 working days. The T.A/s of the DEEC Verification Cell shall maintain a proper record for the submission, closure and◆ handing over of the original verified licence alongwith the ◆Part F◆ to the concerned Licence holder/Authorised person/CHA and get the due acknowledgement with date to that effect.

#### 4.3 ◆◆◆◆◆ Part-II (B) Cancellation of Bonds against Advance Licences.

- (i) The Tax Assistance◆ posted in the DEEC Monitoring Cell◆ shall update the records of bond /BG maintained in the section under the supervision of Supdt of Custom.
- (ii) The Examiner / P.O. posted in the DEEC Monitoring Cell◆ shall monitor the pendency of old bonds/BGs regularly under the supervision of Supdt of Custom .
- (iii) The letters /notices to the licence holders shall be sent◆ by the the Supdt of Customs posted in the DEEC Monitoring Cell within 60 days of expiry of export obligation period of the Licences, requesting◆ for submission of◆ documentary proof of completion of E.O.( details of documents are mentioned in the Public Notice).
- (iv) The Supdt of Custom posted in the DEEC Monitoring Cell shall supervise the maintainance of proper records of notices/SCNs issued to the licence-holders and necessary follow-up actions and disposal of the notices etc.

(v) The Supdt of Custom posted in the DEEC Monitoring Cell ensure effective monitoring of BG . The Supdt of Customs shall send letters to the bank for renewal/encashment letters before 30 days of expiry date of the BG. In case of renewal of BG , the Supdt of Customs posted in the DEEC Monitoring Cell shall get verified the renewal of BG from the issuing Bank before acceptance by fax. The Supdt of Customs shall check that the BG should contain the self renewal clause / undertaking from bank to keep the BG alive till the bond for which the BG is being given is fully discharged by Asstt./Dy. Commissioner of Customs. There should be no over riding clause. The BG should be signed by two officers of the Bank. The renewed original BG will be forwarded to the CASH SECTION for safe custody and one copy of renewed BG shall also be forwarded to the BG Monitoring Cell.

(vi) In the case of encashment of BG, the bank draft/cheque received from the bank shall be immediately deposited by the Supdt of Custom posted in the DEEC Monitoring Cell in the Treasury/cash section of Custom house with manual challan.All details-i.e. Name of the Licence holder, Advance Licence Number and date, amount of duty, etc, are to be mentioned in the challan by Supdt while depositing it in the Cash section.

(vii) The EODC received directly from Regional Licencing Authority through post shall be properly maintained by the Preventive officer /Examiner ( DEEC Monitoring Cell) under supervision of Supdt of Customs. Online transmission of EODC from DGFT to Customs EDI through ICEGATE has not yet started. Some Regional Licencing Authority have started placing the EODC on their websites.The Preventive officer /Examiner ( DEEC Monitoring Cell) will down load details of EODCs issued by various Regional Licencing Authority placed on their websites and update records related to the EODC under supervision of Supdt of Customs.

(viii) The Examiner / P.O. posted in the DEEC Monitoring Cell shall prima facie check the documents (mentioned in the P.N.78 /2009 JNCH dated 21/10/2009 ) submitted by licence holder/CHA for cancellation of the Bond/BG and give acknowledgement with date. In case of insufficient documents, the documents will be returned immediately with deficeincy memo. After receipt of complete documents, the concerned Examiner / P.O.shall scrutinise all the documents mentioned in the **Public Notice .No.78 /2009 JNCH dated 21/10/2009** and put up the relevant file before Supdt for cancellation of the bond (LUT) / BG .

(ix) If all documents are in order, then the Bond/BG will be cancelled by the Supdt and countersigned by the AC/DC (Monitoring Cell) within period of **15 days** from the date of receipt of complete documents .The endorsement regarding

cancellation of Bond/BG will be made on Custom copy of Licence and Bond/BG. The original Licence and cancelled bond/BG will be handed over to the concerned Licence holder/Authorised person/CHA and get the due acknowledgement with date to that effect and one set of photocopies of licence, cancelled bond/BG will be kept in file for record purpose.

(x) The T.A/s of the DEEC monitoring Cell shall maintain a proper record for the submission, closure and handing over of the original licence alongwith cancelled bond/BG to the concerned Licence holder/Authorised person/CHA and get the due acknowledgement with date to that effect.

(xi) After cancellation of Bond/BG, the records/files will be transferred from DEEC monitoring Cell to MCD after every three months by the Tax Assistant under the supervision of Superintendent (DEEC monitoring Cell).

5. Difficulties faced, if any, in implementation of the Standing Order may please be brought to the notice of the undersigned.

**(B.K.SINHA)**

**COMMISSIONER OF CUSTOMS(EXPORTS).**

**JNCH, NHA VA SHEVA**

Encl : As above

To

All the concerned Officers

Copy for information to :

- i) The Chief Commissioner of Customs, Mumbai-II Zone, JNCH.
- ii) The Commissioner of Customs(Imports), JNCH
- iii) The Addl. Commissioner of Customs(ED), for uploading the same on JNCH website.