

**OFFICE OF THE COMMISSIONER OF CUSTOMS (EXPORT),**

**JAWAHARLAL NEHRU CUSTOM HOUSE, SHEVA,**

**TAL - URAN, DIST-RAIGAD, MAHARASHTRA- 400707.**

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

**Date : 21/10/2009**

**PUBLIC NOTICE NO. 78/ 2009**

(Referred / amended vide P.N.No. [11/2011](#))

**Subject :-Procedure for Registration and Monitoring of DEEC/ADVANCE  
AUTHORISATION SCHEME- Reg**

**1.0** Attention of all the Importers/Exporters/CHAs and DEEC Linence-holders and all 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 [Boards 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 in case of DEEC/ADVANCE AUTHORISATION SCHEME. Keeping in view the changes that have been brought over the years in the Foreign Trade Policy and Circulars and Notifications issued by the Board from time to time ,the following procedure shall hence forth be followed in respect of imports made under DEEC/ADVANCE AUTHORISATION SCHEME.

**2.0 Part- I Procedures for Registration of Advance Authorisation.**

**2.1** 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,

**2.2** 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.

**2.2A Procedures for registration of advance authorization/Licences issued after fulfillment of Export Obligation.-**

**2.2A1** The Licence holder/CHA has to submit the details of licences to the service centre for generation of check-list. 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. The AO(Licence) will accept the Job No. in EDI System and endorse the registration no. & date on the Customs copy of the licence.

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**2.2A2** The licence holder or his authorized person or CHA has to submit the following documents to the Customs Appraiser ( Licence section):-

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).

**For Licences issued under new Foreign Trade Policy 2009-14 the following additional documents will be required :**

iv) 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.

v) 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

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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 dutiable 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.

vi) 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.

**2.2A3.**After scrutiny of the above mentioned documents, the appraiser (Licence-section) will register the Licence in the EDI System and return/ hand over the original documents alongwith licence to the Licence holder or his representative.

**2.2B Procedure for Registration of Advance authorization Licences issued before fulfillment of Export Obligation-:**

**2.2B1** The DEEC License-holders will submit the following documents to Appraising Gr. VII D 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.
- iii) Bond in the prescribed format.
- iv) Bank Guarantee as applicable.

**2.2B2** The Bond shall be submitted in the prescribed format as per [Boards Circular No.58/2004](#) dated 21/10/2004 and shall cover the duty ordinarily leviable on the goods but for the exemption and interest @15% per annum thereon for the period of 3 (three) years.

**2.2B3 Execution of BG :**

a) The Bank Guarantee should be submitted alongwith covering letter of the Bank as per the

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norms prescribed in [Boards Circular Nos. 58/2004](#) dated 21/10/2004 as amended vide [Circular no.17/2009-cus](#) dated 25/5/2009.

b) If the Licence-holder is availing BG exemption in terms of para 3.1(a),(b), (c), (d), (e) of the [Boards 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 Linence-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.

c) The Licence-holder claiming to fall under category of Other Manufacturer Exporter in terms of para 3.1(f) of [CBEC Circular No. 58/2004](#) dated 21.10.04 as amended by [17/2009-Cus](#) dated 25.5.09, as eligible for execution of BG at rate of 15% of duty saved amount should submit any of the following documents :

(i)Permanent Central Excise Registration Certificate duly certified by Jurisdictional Supt. Of central Excise with Pan Card.

(ii)Permanent S.S.I.Registration Certificate issued by District Industries Centre with Pan Card (mere acknowledgement is not sufficient).

(iii)Permanent Registration Certificate issued by Secretariate for Industrial Assistance, New Delhi with Pan Card (mere acknowledgement is not sufficient).

(iv)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.

d) All other licence holders are required to execute 100% of duty saved amount.

**2.2.B4** The bond /BG shall be filled for a minimum period of 3 (three) years .Further all BG should contain an unconditional self renewal clause/undertaking from Bank to keep the BG alive till the Bond for which the bank guarantee is being given is fully discharged by the Asstt./Dy.commissioner of Customs.There should be no over riding clause. The BG should be signed by two officers of the Bank.

**2.2B5** Further , the Licence-holder, who wish to avail BG exemption as specified in para 2.2 B3 above, shall furnish an affidavit that he has not been defaulted on export obligation in respect of any Advance Licence/EPCG Licence issued to him in the past and he has not been penalized

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under the provisions of the Customs Act ,1962, the Central Excise Act ,1944,the Foreign Exchange Management Act(FEMA),1995 and the foreign Trade (Development and Regulation ) Act,1992 during the previous three financial years.

**2.2B6** If as per records of DEEC-Monitoring Section, E.O.D.C.(Export Obligation Discharge Certificate) is pending against **any Old Advance Authorisation / Licences issued prior to 01-01-2007 (wherein Export Obligation period of 2 years has expired )** ,then the licence-holder will not be eligible for exemption of BG as per para 3.2 of [Circular Nos. 58/2004](#) dated 21/10/2004.

**2.2B7** Appraiser will check the bond /BG, Calculation of the duty foregone against the Licence and amount of bond /BG before acceptance. In case of **B.G.**, it is to be got verified from the issuing bank by the Customs Appraiser before acceptance of the B.G. against the Licence.

**2.2B8** 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 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.

**2.2B9** 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.

**2.2B10.** 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. 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.

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

**3.1** 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 29.9.09 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.

### **3.2 Verification of Export S/bills:**

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. In other cases, Customs may verify the exports on random basis.

The DEEC Verification Section of JNCH is presently situated at M/s Punjab Conware. 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/Bs pertaining to DEEC scheme will continue. At the time of verification ,the fact of verification will be recorded in the EDI System and S/bills will be locked in the system so that these may not be again counted towards discharge of export obligation against any other licence. In this context the licence holder shall produce the following documents for verification of exports/logging of exports against the advance licence to the Assistant Commissioner of Customs( in charge of DEEC Verification Cell) at his office situated in the premises of M/s Punjab Conware :-

- i) Original Licence alongwith all amendment sheets including Invalidation letters/ARO, if any issued by the Licencing Authority.
- ii) Original Redemption Certificate/EODC alongwith NO-BOND CERTIFICATE showing the details of exports considered by licencing authority while issuing EODC.
- iii) B/L or mate receipt copy;
- iv) ARE-1/ARE-4
- v) Any other document, if required.

### **4.0 Part-II (B) Cancellation of Bonds against Advance Licences.**

**4.1** The DEEC (monitoring section) will monitor the export obligation against the Advance Licences registered with this port. This section will update the records of pending bonds and BGs against the Licences. Online transmission of EODC from DGFT to Customs EDI through ICEGATE has not yet started. Some Joint DGFTs (Regional Licencing Authorities) have started placing the EODC on their websites. The Preventive officer /examiner will download details of EODCs issued by various Joint DGFTs placed on their websites and updated records related to the EODC under supervision of Supdt of Customs.

**4.2** After completion of export obligation as specified in the licence, the licence holder shall submit the following documents for cancellation of Bonds/BGs :-

i) Original Licence alongwith all amendment sheets including Invalidation letters/ARO, if any issued by the Licencing Authority.

ii) Original Redemption Certificate/EODC alongwith NO-BOND CERTIFICATE showing the details of exports considered by licencing authority while issuing 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

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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) Statement of Import and export against the licence in the following performa-

A) Qty-wise comparison statement

Import details			Export Details		
Description of	Qty allowed	Actual import	Description of	Qty of E.O.	Actual

import goods		Made	Export goods		Export Qty

B ) Value-wise comparison statement.

Import details			Export Details		
Description of import goods	CIF Value allowed	Actual import Made	Description of Export goods	E.O.in terms of FOB Value	Actual Exports value realized

**4.3** If Customs duty alongwith interest is paid on Excess import as per direction of Licencing Authority then the copy of challan should be submitted by the licence holder alongwith the details of calculation of the said duty and interest.

**4.4** If EODC is issued before expiry of the validity of the Licence ,on the basis of proportionate import and export, then the said licence should also be blocked for further import in the EDI system through the Appraiser (Licence-Section) before cancellation of Bond.

**4.5** After scrutiny of the above documents, the Bond (LUT) and BG, if any, will be cancelled and released to the licence holder or his authorized representative within a period of one month from the date of submission of above mentioned documents .However in doubtful cases or where investigation has been launched by Customs or other agencies, BG release would be subject to the corrective action under the law. Cancellation of Bond/BG will not preclude Customs Authority to take action against the licensee at any stage in case any misdeklaration, misrepresentation or misuse of the scheme is noticed.

**5.0** Any difficulty faced by the Trade in implementation of this Public Notice may be brought to the notice of the undersigned immediately.

**( B. K. SINHA )**

**Commissioner of Customs (Export)**