

**OFFICE OF THE COMMISSIONER OF CUSTOMS (NS – IV)**  
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F.No. S/12 -Gen-38/2015-16AM(X)

Date:- 23.05.2016

**STANDING ORDER No. : 37/2016**

**SUBJECT: Timely cancellation of bond executed with Customs in advance authorization cases- reg.**

Attention of all officers and staff is invited to the Board's instruction issued vide F. No. 605/71/2015-DBK dated 02.12.2015 on the above mentioned subject. In view of instructions issued by Board following procedures are to be followed for cancellation of bond executed with Customs in case of Advance Authorisation:

- a) In terms of guidelines issued vide Board's Circular No. 05/2010 dated 16.03.2010 and instruction No. 609/119/2010-DBK dated 18.01.2011 regarding verifications of address shown on authorisation/ availability of inputs imported duty free, the Board has decided to restrict the percentage of these random checks from "at least 5%" cases to "5% cases". These checks are to be initiated periodically every month and the checks/verification should be completed during the validity of authorization. The selection of cases should be made at the level of at least Joint/Additional Commissioner.
- b) Non-receipt of confirmation from Central Excise should not cause delay in processing a subsequent application for cancellation of bond.
- c) Those Advance Authorisations, where export obligation period is getting over should be identified in advance with the help of reports available in the EDI System and bond files should be retrieved. The work should be arranged in a manner that bond files are readily available for immediate processing. Where request for cancellation of bond is presented before expiry of normal Export Obligation period, the bond file should be retrieved and readied for processing within one day.
- d) In Circular No. 5/2010-Cus, Instruction No. 609/119/2010-DBK dated 18.01.2011 and Circular No. 14/2015-Customs, the guideline provided to the field formations is that EODCs against advance authorizations issued by RAs may normally be accepted. However, exceptions for checks are - (a) check, in detail, randomly at least 5% of the EODCs and when there is specific intelligence available suggesting misuse/ need for detailed verification (b) verify shipping bills/ other documents based on RAs endorsement on EODC or verify the genuineness of non-EDI shipping bills/bills of export on which EODC is based. The Board has decided that the percentage of these random checks be restricted from present level of at least 5% cases to 5% cases. In arriving at this conclusion, the Board has, inter alia, kept note that the Handbook of Procedures, for [FTP 2004-09](#), [FTP 2009-14](#) and FTP 2015-20 , provides that RA may issue EODC if EO has been fulfilled and it further specifies that this does not preclude the Customs from conducting random checks and also from taking action for any misrepresentation, mis-declaration and default detected subsequently as per the Customs Act, 1962.
- e) The selection parameters should be meaningful and practically applicable upfront without recourse to prior enquiry with exporter or long drawn analysis after EODC

is received. To illustrate, the EDI system can be used to work out, in advance, a list of authorizations from a risk perspective, say by judging from the linked import bills of entry and shipping bills, parameters such as import of materials otherwise attracting high rates of duties or combination of specific and advalorem duty rates or exports to sensitive destinations or by third parties or new IECs at the locations etc. Similarly, the accompanying details with advance authorization EODCs can identify authorizations associated with non-EDI parameters such as deemed exports or manual ports etc. From amongst EODCs received for such (or otherwise) identified list of authorizations, the selection for check should be made at least at Joint/Additional Commissioner level and the relevant exporter should, invariably, be informed, on the date of selection itself, via official email communication that its case is selected for detailed checks.

2. The Board has further directed that to bring transparency into the process of bond cancellation for Advance Authorisation, a verifiable record must be kept in respect of the applications received for bond cancellation with documents, and every 3<sup>rd</sup> day or earlier if required by quantum of EODC inflow, selection for checks should be made from the relevant applications and intimated to the exporters. Exporters should be requested to share their e-mail addresses on the application. The work should be arranged in such a manner that :

- i. In respect of cases not so selected (and also not involving verification of documents endorsed by RA or of genuineness of non-EDI shipping documents) all process related to compliance of conditions of notification should be completed expeditiously and the bond/bank guarantee should be returned to the exporter normally within 10 days from the date of receipt of exporters' application;
- ii. In the cases apart from above, except cases under investigation or where there is intelligence of misuse, the norm of within 30 days should be adopted for, inter-alia, completing the said processes and the return of the bond/bank guarantee;
- iii. Exporters are not asked to routinely produce information that can be sourced from the EDI system;
- iv. An initial special drive may be launched to dispose previous pending work of bond cancellation.

3. The above instructions/guidelines should be followed and difficulty, if any, may be brought to the notice of Additional Commissioner of Customs, Appraising Main (Export).

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**(SUBHASH AGRAWAL)**  
**Commissioner of Customs, NS-IV**

**Copy to:**

1. The Chief Commissioner of Customs, Mumbai Zone-II.
2. The Pr. Commissioner of Customs, NS-Gen/NS-II.
3. The Commissioner of Customs NS-IV.
4. The Addl. /Joint Commissioner of Customs, NS-II, NS-IV and NS-Gen.
5. All the Dy. / Asstt. Commissioner of Customs, NS-II, NS-IV and NS-Gen.
6. Notice Board and Website.