STANDING ORDER NO: 06/ 2005

Sub: Duty Free Replenishment Certificate (DFRC) Scheme and DEEC

Scheme non withdrawal of samples and Non observance of examination

order regarding..

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1. Attention of all officers and staff is invited to the provisions of DFRC Scheme. Detailed instructions has been issued vide Standing Order No:15/2000 dtd. 04.08.2000 from file No: S/6-Gen-280/2000 dtd. 04.08.2000 of DFRC Gp. And S.O. No.7736/2002 dtd. 6.9.2002 vide para 2.3 of the S.O. 15/.2000 dtd. 04.08.2000, it is made clear that the exporter operating under DFRC scheme shall give declaration on all the copies of Shipping Bills indicating the S.No. of SION and product group of the export product as per SION of Hand Book of Procedure Vol.II. The said Shipping Bill shall also contain declaration regarding the quality, technical characteristics of the inputs used in the export product as is being done in respect of DEEC Shipping Bills.

2. Para 2.4 of the S.O. further elaborates that DFRC Licence shall be issued for import of inputs as per SION having same quality, technical characteristics as of those inputs used in the export products and as indicted in the Shipping Bills at the time of export. The issue is further elaborated in the para 2.5 and 2.6 of the said Standing Order. However, it has been observed by the DFRC Licence Verification Section that in maximum cases the instructions are neither being followed by the exporters and nor ensured by the officers at the time of assessment/ examination.

3. Instances are noticed that plastic products, fabrics and stainless steel products are being exported without mentioning the grades of polymers used, nature of fabric with GSM and grade of stainless steel, respectively. It is not correct practice and it is creating a lot of problem at the time of DFRC verification. This should be stopped immediately and instructions contained in the Standing Order No: 15/2000 as amended by S.O. No.7736/2002 dtd. 6.9.20002 shall be followed strictly.
4. It is also to be noticed that in cases of chemicals and allied items the purity and technical characteristics cannot be ascertained by physical examination only, therefore these items shall be subjected to test by authorized laboratories at regular intervals. The officers assessing the Shipping Bills are required to endorse the order for withdrawal and testing of the samples at regular intervals. Shed Staff shall follow the order and there shall not be any lapse on this part.

5. In fact non-observance of these instructions may adversely affect revenue and also affect the very basic of the DFRC Scheme. This will further resolve the disputes at the time of issuance of DFRC Licenses by the DGFT and verification by the Customs.

6. Instances are there when it has been observed that in case of prior import by the exporters under DEEC Scheme like fabrics etc., on actual user basis, when the order for the tallying the export product i.e. garments etc. are given in the EDI System, the same are not being followed by Shed Staff and no comments are offered in the System on this very vital aspect. It is not correct and should be observed strictly. A lot of problems are faced by the officers at the logging stage on this account also.

7. Since, issue of nexus is very much important in DEEC and DFRC schemes, the non-observance of the instructions issued from time to time by the assessing and or Shed Staff shall be viewed seriously in future. Further due care should be taken for implementation of the Allied Acts applicable for the goods under exportation also.
8. It has been demand of the Trade that in case of Verification of Advance Licences issued after 22.4.02 and wherein Shipping Bills have been processed under EDI System, the Verification Unit, in general should not insist for the original copy of EDI Shipping Bills, photocopies of EDI Shipping Bills, Bill of Lading and Custom attested invoices for the verification of licences. However, rest of the procedure will remain as prescribed in Standing Order No.7736/2002 dt. 6.9.2002. The said Standing Order is modified up to above extent. However, in certain special circumstances Customs can ask for any documents for verification as and when required.

9. Any inconvenience in observation of the instructions should be reported to the undersigned within seven days. Non observance of the instructions will be viewed seriously.

10. Hindi version will follow.
Copy to:

All Concerned Department.

ATTESTED BY

ASSTT. COMMISSIONER OF CUSTOMS,
PUNJAB CONWARE