

OFFICE OF THE COMMISSIONER OF CUSTOM (EXPORT)
JAWAHARLAL NEHRU CUSTOM HOUSE,
SHEVA, TALUKA-URAN, DISTRICT-RAIGAD,
MAHARASHTRA 400 707.

F. No. S/26- Misc-86/08 EPCG
JCH
Dated: 01/02/2010

STANDING ORDER No. 08 /2010

Subject :- Procedure to be followed in case of EPCG Scheme- regarding.

1. In this regard, attention of all the officers concerned is invited to the Notification Nos.44/2002 dated 19.4.2002 & 64/2008 dated 09.05.2008 (operationalizing the EPCG Scheme) 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 38/97 dated 09.09.1997 and **Facility Notice Number 79/2009** dated **01/10/2009** in case of **EPCG Scheme**.
2. All the concerned officers are directed to comply with the provisions of the above said Notifications, Circulars and Facility Notice scrupulously.
- 3.0 **Procedures for Registration of EPCG Licences :-**

3.1 NO ALERT and BULLETIN- VERIFICATION for Registration of EPCG Licences

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 Assistant (Licence Section) shall maintain the record of specimen signatures of Licence Issuing authorities received from the Regional Licencing 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 Clerk/ Tax Assistant (Licence Section) and will be countersigned by the Appraiser (Licence Section). The **BULLETIN- VERIFICATION** (SIGNATURE verification) of licence is not required in case of online transmitted Licences.

3.2 Acceptance of Bond /BG by EPCG Group :-

☞☞☞ ☞☞☞☞(A)☞ List of ☞documents required to be submitted by Licence holder/CHA for registration of licences :- DOS/The Clerk (Tax Assistant)☞ of Appraising Gr. VII G will accept ☞followingdocuments from Licence holder/CHA for registration of licences :

☞☞☞☞☞☞ ☞☞i)☞☞ ☞☞☞☞☞☞☞☞Request letter / Authorization letter for registration of licence.

- ii) **Original Customs copy of the EPCG Licence** issued by the Licensing authority along with condition sheet and complete set of photocopy of licence. (Original licence will be returned to licence holder after acceptance of Bond /BG and complete set of photocopy of licence will be retained in file for record).
- iii) **BOND** in the prescribed format (Two copies-one original and one zerox copy). The Bond shall be in the prescribed format as per Board☞s 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 there on for the period of 8/10/14 (eight/ten/ fourteen years as per period of export obligation mentioned in the Licence) years.
- iv) **Affidavit** in terms of Para 3.2 of Circular No.58/04 the Licence-holder, who wish to avail BG exemption, 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 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.
- v) **Bank Guarantee** as applicable. (Three copies - the original will be sent to☞☞☞☞☞☞ Cash Section after acceptance for safe custody, one copy for BG monitoring cell and one copy for record in file.) - BG shall be filled for a minimum period of 3 (three) years. Further, all BG☞s 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. The self renewal will not be insisted, if the BG is for longer period for 8(6+2) /10 years (8+2) /14 years (12+2).
- vi) 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 Central Excise. In cases where the Licence-holder is not registered with 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, along with 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.

vii) If benefit of **concessional rate** of BG is claimed in terms of Para 2.1 (f) of Circular No. 17 /2009 dated 25.05.2009 :- Any one of the following documents:-

◆◆

(a)◆◆◆◆◆◆◆◆ Permanent Central Excise Registration Certificate duly certified by Jurisdictional Supt. of Central Excise with Pan Card ◆◆or

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

◆(c)◆◆◆◆◆◆◆ Permanent Registration Certificate issued by Secretariat for Industrial Assistance, New Delhi with Pan Card (mere acknowledgement is not sufficient) ◆◆or

◆(d)◆◆◆◆◆◆ Any other Registration Certificate as a proof of manufacturer exporter status along with previous export performance certificate certified by Chartered Accountant/any Export Promotion Council with Pan Card.

B) Scrutiny and Acceptance of◆ the Bond /BG◆ by the EPCG GR.VII-G :-

i)◆◆◆◆◆◆◆◆ The DOS/Clerk (Tax Assistant) of Appraising Gr. VII G will put up all the above mentioned documents before **Customs Appraiser Gr. VII G** for acceptance of Bond / BG.

◆ii)◆◆◆◆◆◆◆◆ The Appraiser of Group VII-G, before acceptance of Bond / BG, for registration of the Advance Authorisation, shall scrutinise language and conditions of the Bond / BG including the calculation of duty foregone and exempted duty structure for Bond amount. In case of exemption of BG or concessional BG, the Appraiser of Group VII - G shall check the eligibility of exemption of BG /concessional BG in terms of departmental instructions.

iii)◆◆◆◆◆◆◆◆ The Custom Appraiser Gr. VII-G shall check that the **BG** contains 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-G)** shall get **the BG verified** from the issuing Bank before acceptance by fax. The self renewal will not be insisted, if the BG is for longer period for 10 years (8+2) /14 years (12+2).

iv) After acceptance of Bond / BG by Appraiser of Gr.VII G, the AC/DC of Gr.VII G shall countersign the Bond / BG.

v) Thereafter, the DOS/Clerk will keep the original Bond / BG, Affidavit and zerox set of the Licence and other documents in the file and **return the Original Licence** to the licence-holder/CHA.

vi) The TA will enter all the details of licence, duty forgone, Bond & BG accepted in register maintained in the EPCG Group.

vii) Then the Licence-holder /CHA will get the check-list generated for acceptance of Bond/BG from EDI Service-Center. After verifying the check-list, it will be submitted to the Clerk / Tax Assistant of Gr. VII-G for generation of Job Number for Bond/BG. Then the job related to the Bond/BG is to be accepted by the AC/GR.VII-G in EDI Systems and Bond Nos. will be generated by the System.

viii) The DOS/Clerk (Tax Assistant) of Gr.VII G, shall forward the Bond (original) / BG (copy) to the Supdt. EPCG Monitoring Cell alongwith file. 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.

ix) After completing all the procedures related to Bond / BG with the Appraising Group VII-G, the licence holder/CHA shall submit the details of EPCG Licences Bond/BG to the service centre for generation of check list for 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 Supdt. (EPCG) for registration of the licence in the EDI system. The Supdt. (EPCG) 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 EPCG Licences, the details of the Licence will be automatically transmitted from ICEGATE to EDI screen of Supdt. (EPCG). Therefore, for online transmitted licence, there is **no** requirement of generation of check list and Job Nos. from service centre.

4.0 **Monitoring of Export Obligation** :-

Monitoring of Export Obligation against EPCG licence included the Monitoring of Installation Certificate and Block wise Monitoring of Export obligation.

4.1 Monitoring of Installation Certificate :-

In terms of Notification Nos. 44/2002 dated 19.04.2002 & 64/2008 dated 09.05.2008, the importer has to produce Installation Certificate duly signed by the Jurisdictional Central Excise Authority (if the importer is not registered with the Central Excise Authority, then by the Chartered Engineer) within the period of six months from the date of import clearance.

In case of goods cleared under EPCG Scheme, a photocopy of the Bill of Entry will be forwarded by AO / Supdt./ Docks, granting Out of Charge to EPCG Monitoring Cell, 7th floor, C Wing, Jawahar Custom House, JNCH.

In case of vehicles, import against the EPCG licence, the Supdt. (EPCG Monitoring Cell) shall send letters to the Importers requesting them to submit the certificate of registration of vehicles as Tourist Vehicles as per Circular No. 07/(RE-08)/2004-09 dated 07.05.2008.

Supdt. (EPCG Monitoring Cell) shall monitor it properly and regularly. If the Installation Certificate is not received within the prescribed time of six months from import clearance, it is the duty and responsibility of the Supdt. (EPCG Monitoring Cell) to issue the proper notice/letter immediately within 15 days of expiry of six months of the import clearance. In all the pending previous cases, Supdt.(EPCG) is to ensure the dispatch of Notices up to 28th February, 2010.

4.2 Block wise Monitoring of Export obligation :-

- i) The Examiner / P.O posted in the EPCG Monitoring Cell shall update the records of Bond /BG maintained in the section under the supervision of Supdt. of Customs.
- ii) The Examiner / P.O. posted in the EPCG Monitoring Cell shall monitor the pendency of old Bonds / BGs regularly under the supervision of Supdt of Customs.
- iii) The letters / Notices to the licence holders, shall be sent by the Supdt. of Customs posted in the EPCG Monitoring Cell within 15 days of expiry of each block period of the Licences, requesting for submission of documentary proof of completion of E.O. blockwise (details of documents are mentioned in the Facility Notice No. 79/2009 dated 01.10.2009).
- iv) The Supdt. of Customs posted in the EPCG Monitoring Cell shall supervise the maintenance 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 Customs posted in the EPCG Monitoring Cell shall 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 EPCG Monitoring Cell shall get the renewal of BG verified 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 EPCG Monitoring Cell in the Treasury / Cash Section of Custom House with manual challan. All details-i.e. Name of the Licence holder, EPCG Licence Number and date, amount of duty, interest etc are to be mentioned in the challan by Suptd 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 (EPCG 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 Authorities have started placing the EODC on their websites. The Preventive officer /Examiner (EPCG Monitoring Cell) will download 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) In such cases wherein, the duty demand arises due to follow up by Monitoring Cell **the calculation of duty and interest on the proportionate excess import against** Licence, as per communication /letter from the licencing authority shall be done by the Comptist under the supervision of the Appraiser Gr. VII G. **The Appraiser Gr. VII G** shall check and verify value, the applicable duty structure including Anti Dumping Duty and Foreign Trade Policy before marking it to the Comptist for calculation.

5. Cancellation of Bond / BG

The online transmission of Export S/Bills pertaining to EPCG 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 DGFT. Therefore, the present procedure of **Monitoring of Export Obligation** pertaining to EPCG scheme will continue.

- i) The Examiner / P.O. posted in the EPCG Monitoring Cell shall prima facie check the documents (mentioned in the F.N. 79 /2009 JNCH dated 01/10/2009) 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 deficiency memo. After receipt of complete documents, the concerned Examiner / P.O. shall scrutinize all the documents mentioned in the **Facility Notice. No. 79 /2009 JNCH dated 01/10/2009** and put up the relevant file before Supt. for cancellation of the Bond (LUT) / BG.
- ii) 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 a period of **30 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 / Authorized person/CHA and get the due acknowledgement with date to that effect and one set of photocopies of licence, the cancelled Bond/BG will be kept in file for records purpose.
- iii) The Examiner / P.O of the EPCG monitoring Cell shall maintain a proper record for the submission, closure and handing over of the original licence along with cancelled Bond/BG to the concerned Licence holder / Authorized person /CHA and get the due acknowledgement with date to that effect.
- iv) After cancellation of Bond/BG, the records / files will be transferred from EPCG Monitoring Cell to the MCD every three months by Tax Assistant under the supervision of Superintendent (EPCG Monitoring Cell).

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

Sd./- on
 01.02.2010
 (B. K. SINHA)
 COMMISSIONER OF CUSTOMS (EXPORT)
 JNCH, NHAVA SHEVA.

Attested by

(M. L. SUKHPAL) Asstt. Commissioner of Customs












E.P.C.G. / J.N.C.H., 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 (Import), JNCH
 - iii) The Additional Commissioner of Customs (EDI) for uploading the same on JNCH    
-        website.