GOVERNMENT OF INDIA
DEPARTMENT OF COMMERCE
MINISTRY OF COMMERCE AND INDUSTRY
DIRECTORATE GENERAL OF FOREIGN TRADE

Policy Circular No.16 (RE-01)/2001-2002 Dated 4th January, 2002

Subject:- Non-production of logged DEEC Book.

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1. Policy Circular 33(RE98)/98-99 dated 20.8.1998 is reiterated

In this Policy Circular it was clarified that if the duty free licence holder had produced all the necessary documents (like shipping bill, Bank Certificate of Exports and Realization) and accordingly has produced evidence of completion of 100% of export obligation then in such a case non production of duly logged DEEC Book should not result in such a licence holder being declared defaulter. This clarification was in view of many representations that the licence holder had met the export obligation and has completed all formalities except logging of the DEEC Book. It was also represented that such a logging of the DEEC Book was being delayed at the Customs end and, therefore, for no fault of the party the party was liable to be declared as a defaulter. The contents of the said circular holds good even today and it is reiterated for compliance

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2. VABAL cases to be treated differently

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Such of the value based advance licences (VABAL) issued during 1992-97 period have got at least four years time now to submit all necessary documents including duly logged DEEC Book. This scheme had been discontinued in 1997 and, therefore, a delay of four years cannot be explained only by saying that the matter is pending with Customs Authorities. A valid presumption is raised that possibly in such cases the exporter may have wrongly availed MODVAT credit and, therefore, if the same MODVAT credit is not refunded to Customs logging of DEEC Book may not be possible. Similarly mis-declaration of value may be the another reason why the DEEC books may not be logged by the Customs. In all such cases the above Policy Circular will not come to the help of the advance licence holder because the delay is not only because of Customs. The Regional Licensing Authorities are hereby directed to take immediate necessary action, including (but not restricted to) denial of future licence in accordance with the prescribed regulation.

RLA should prepare a list of such cases where licensee have not or are not submitting duly logged DEEC Books and can have a meeting with the concerned Customs Authority or take up the matter at the appropriate forum including seeking comments from the Customs Authorities in writing to ascertain the actual reason for the non logging of the DEEC Book. If the RLA's come to the conclusion that non logging of DEEC Book cannot be attributed to Customs or any other Government agency then necessary action must be taken without invoking the Policy Circular cited above.

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3. Cases covered under Public Notice No. 5 dated 6th April, 1999

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Under this Public Notice one time extension was provided for fulfillment of export obligation. Such extension of time has already expired and B.G will be valid up to 31.2.2002. In all such cases BG had to be forfeited in the event of non-fulfillment of export obligation in the extended period. It is expected that in case of non completion of export obligation , action for enforcement of B.G must have been taken already .

All such cases must be reviewed by the concerned Regional Licensing Authority and action should be taken accordingly. A detailed consolidated report case-wise should be forwarded to the Headquarter office in such cases. The Zonal office may monitor this in respect of the Regional Licensing Authorities.

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4. Audit Cases

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Where recoveries have been pointed out by Audit in respect of past cases, RLAs should take a view in all these cases on priority. These objections should be examined in detail and in case these objections are not sustainable then a detailed reply, giving complete justification of the action taken, relevant policy provision etc., should be sent to Audit for dropping the audit objection. If Audit objections are acceptable, action may be taken immediately for settlement of these objections through recovery etc. Progress in settlement of these objections may be intimated to Additional DG(Statistics), and a consolidated report(s) on this issue may be forwarded by the Zonal offices to Headquarters, in respect of all offices falling under their administrative control.

5. Release of Bond/BG/LUT if all formalities have been completed

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In respect of cases where applicant has submitted full and complete documents for redemption and closure of cases as per Policy and Procedure, these should be attended to on priority and upon due closure of these cases as per prescribed Policy and Procedures, Bond/BG/LUT should be released.

This issues with the approval of DGFT.

(A.K. Sinha)
Dy. Director General of Foreign Trade

Copy to all concerned.