

GOVERNMENT OF INDIA
DEPARTMENT OF COMMERCE
MINISTRY OF COMMERCE AND INDUSTRY
DIRECTORATE GENERAL OF FOREIGN TRADE (PC IV SECTION)

Policy Circular No 8 (RE-01)/ 2001-2002

Dated: 29th August, 2001

To,
ALL CONCERNED

- (i) Provisional clearance in anticipation of E.O Extension under Advance Licence.
- (ii) Regularisation of exports on the basis of Customs assessment of goods.

1) It has come to notice that certain firms are facing impediments in clearance of export consignments on account of expiry of the initial E.O. period under Advance Licences despite the fact that applications for E.O. extension has been made in the Regional Licencing Offices. Pending the formal endorsement of E.O. extension on the Licence, the exports in the respective Customs Houses are delayed on account of the non acceptance of the receipt of application for E.O. extension in the RLA's by the Customs authorities. The matter was deliberated upon in the Policy Review Committee and it has been decided that the Customs may allow provisional clearance of export consignments as and when the firm produces documentary evidence of having applied for E.O. extension to the concerned RLA provided the shipments are effected within 30 months from the date of issuance of licence. It is pertinent to note that the RLA's are empowered by the provisions of the Exim Policy/ Handbook of Procedures (Vol 1) to permit E.O. extension upto 30 months from the date of issuance of the licence.

2) Certain instances of difficulties faced in the redemption/ regularization of Advance Licence have been brought to notice especially in instances of amendment in the product description in DEEC (Exports) during logging by the Customs authorities, variance in description of the export product from that imposed on the licence and accounting of the unutilized material. For example , in Part E of the DEEC (Part II) , the export product allowed is "Boot" whereas in Part F of DEEC (Part II) , on the basis of physical examination of goods, the item of export is mentioned as "Shoes" by the Customs. The matter was discussed in the Policy Review Committee meeting and the Committee endorsed the following principles for redemption / regularization of an Advance Licence:

- a) The regional offices may accept the logging carried out by the Customs Authorities based on their assessment of the final export product provided the corresponding inputs are accounted for as per the existing norms or those fixed by the competent authorities.
- b) The unutilized material, if any, may be accounted for as per the existing guidelines.

Hence forth the redemption of Advance Licences may be carried out within the purview of these guidelines.

This issues with the approval of the DGFT.

Bipin Menon
Dy Director General of Foreign Trade