

Circular No. 17/2009-Cus.

F.NO.605/61/2007-DBK
Government of India
Ministry of Finance
Department of Revenue

New Delhi, the 25th May , 2009.

Sub: Norms for execution of Bank Guarantee under specified export promotion schemes-
Modifications in Circular No.58/04-Cus dt.21.10.04-reg.

I am directed to invite your attention to Circular No.58/2004-Cus. dated 21.10.2004 (herein after referred to as 'the said circular') vide which revised norms for execution of Bond / Bank Guarantee (BG) in respect of imports made under the Advance Licence and EPCG Schemes were notified and to say that, representations suggesting the following amendments in the said circular have been received,-

- i. to consider the service exports at par with the physical exports and to extend the benefit of exemption from BG to the service providers who fulfill the criteria laid down in the circular ;
- ii. to extend the benefits of the said circular to the imports under DFIA scheme;
- iii. to consider the cumulative turnover of all the units of a manufacturer for the purpose of eligibility for exemption under the circular if all the units are operated under the same Importer Exporter Code (IE-Code).

2 The above representations have been examined by the Board. As regards extending benefits provided under para 3.1 of the circular to the service exporters on par with the exporters who are doing physical exports, it is observed that the service providers with foreign exchange earnings of Rs.50 lakhs or more during the preceding financial year and having a clean track record have already been allowed the facility of 15% BG vide Circular No.30/2005-Cus. dated 12.7.2005. Further, the service providers in the port handling sector who have been appointed as Custodians have been allowed to furnish BG @ 25% vide Circular No.49/2005-Cus. dated 29.11.2005. It has now been decided to extend the facility of nil / reduced rate of bank guarantee as provided under para 3.1 (a), (d),(e) & (f) of the said circular to all the service providers who meet the criteria prescribed in the said paragraph and other criteria of the said circular as amended.

2.1. In view of the modifications proposed at para-2 above, the table in para-3.1 of the circular No.58/2004-Cus shall be replaced with the following table and the note.

Table

Category of Importer	Quantum of BG/cash security
(a) All exporters who have an export turnover of Rs 5 crores of goods exported physically or of services in current or preceding financial year and having a good track record of three years of exports	Nil
(b) Public Sector Undertaking	Nil
(c) Star Export House	Nil
(d) Manufacturer exporters / Service Providers registered with Central Excise or the Service Tax authorities, as the case may be, who have been exporting during the previous two financial years and have minimum export of Rs. 1 crore or more during the preceding financial year.	Nil
(e) Manufacturer exporter / Service Provider registered with Central Excise or the Service Tax	Nil

authorities, who has paid central excise duty/ Service Tax of Rs.1 crore or more, as the case may be, during the preceding financial year.	
(f) (1) Manufacturer exporters who are not covered under (a), (b),(c),(d) & (e) above. (2) Units in Agri Export Zones (AEZs), (3) Established Service Providers who have free foreign Exchange earnings of Rs.50 lakhs or more during the preceding financial year and have a clean track record.	15%
(g) service providers in the port handling sector who are appointed as Custodians by the jurisdictional Customs / Central Excise authorities	25%
(h) Others	100%

Note: The exemption provided at para (g) above shall be applicable only in respect of import of capital goods under EPCG scheme.

3. As regards extending the benefits of the above mentioned circular to the imports under the DFIA scheme, it is observed that the DFIA scheme is akin to the Advance Authorization scheme; both the schemes are operated more or less with the same set of provisions under the Foreign Trade Policy / Hand Book of Procedures. Since the Advance authorization scheme is already covered by the said circular, it has been decided that the benefits of the said circular may also be extended to the imports under DFIA scheme provided they have fulfilled the other criteria of the said circular as amended.

4. As regards considering the combined export performance / duty payment of all the units of a manufacturer operating under single Importer exporter code (IE code) for the purposes of deciding the eligibility of the said importer for benefits under the said circular, it has been felt that the exporter operating under one IE code and having different units is basically one legal entity. Accordingly it has been decided that the combined export performance / duty payment of all the units of a manufacturer exporter operating under a single IE-Code shall be considered for extending the benefits of the said circular provided all such individual units are separately registered with the Central Excise department and they have fulfilled the other criteria of the said circular.

5. These instructions may be brought to the notice of the trade / exporters by issuing suitable Trade / Public Notices. Suitable Standing orders/instructions may be issued for the guidance of the assessing officers. Difficulties faced, if any, in implementation of the Circular may please be brought to the notice of the Board at an early date.

Receipt of this Circular may kindly be acknowledged.

**Yours faithfully,
(P.V.K. Rajasekhar)
OSD(Drawback)**