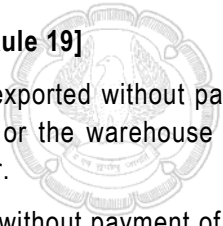


EXPORT PROCEDURES

6.1 INTRODUCTION

The procedures relating to export can be classified into two. Firstly export of goods without payment of duty and secondly export of goods on payment of duty under rebate. The conditions and procedure relating to export without payment of duty are contained in Notification Nos. 42/2001-Central Excise (N.T.) to 45/2001-Central Excise (N.T.), all dated 26th June, 2001 issued under rule 19 of the Central Excise 2002.

Export without payment of duty [Rule 19]

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- (1) Any excisable goods may be exported without payment of duty from a factory of the producer or the manufacturer or the warehouse or any other premises, as may be approved by the Commissioner.
 - (2) Any material may be removed without payment of duty from a factory of the producer or the manufacturer or the warehouse or any other premises, for use in the manufacture or processing of goods which are exported, as may be approved by the Commissioner.
 - (3) The export under sub-rule (1) or sub-rule (2) shall be subject to such conditions, safeguards and procedure as may be specified by notification by the Board.

6.2 EXPORT WITHOUT PAYMENT OF DUTY UNDER BOND/LETTER OF UNDERTAKING

Export without payment of duty is further classified into the export to the countries other than Nepal and Bhutan for which there is a different procedure.

6.2.1 Export to all countries except Nepal and Bhutan: Procedures and conditions for export to all countries except Nepal and Bhutan are specified in notification No. 42/2001-CE(N.T.) dated 26.6.2001. The details are mentioned in this part.

1. Conditions : Merchant exporter shall furnish bond in Form B-1 and obtain certificate in Form CT-1. A manufacturer-exporter may furnish annual Letter of Undertaking in Form

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UT-1(no CT-1 is required in this case). The export shall be subject to the following conditions:

- (i) The goods shall be exported within six months from the date on which these were cleared for export from the factory of the production or the manufacture or warehouse or other approved premises within such extended period as the Deputy/Assistant Commissioner of Central Excise or Maritime Commissioner may in any particular case allow;
- (ii) When the export is from a place other than registered factory or warehouse, the excisable goods are in original packed condition and identifiable as to their origin;

2. Forms to be used: ARE.1 is the export document for export clearance which shall be prepared in quintuplicate (5 copies). This document shall bear running serial number beginning from the first day of the financial year. On A.R.E.1, certain declarations are required to be given by the exporter. These should be signed by the exporter or his authorised agent. If the export is under bond executed by merchant exporter, the form should be signed by both manufacturer as well as merchant exporter. The different copies of ARE.1 forms should be of different colours indicated below:

Original		White
Duplicate		Buff
TriPLICATE		Pink
Quadruplicate		Green
Quintuplicate		Blue

It will be sufficient if the copies of ARE.1 contain a color band on the top or right hand corner in accordance with above color scheme.

An invoice shall also be prepared in terms of rule 11 of the said Rules. It should be prominently mentioned on top "FOR EXPORT WITHOUT PAYMENT OF DUTY".

The Letter of Undertaking (LUT) is to be furnished in the Form UT-1 specified in the Notification No. 42/2001-Central Excise (N.T.). Any manufacturer, who is an assessee for the purposes of the Central Excise Rules, 2002, shall furnish a Letter of Undertaking only to the Deputy/Assistant Commissioner of Central Excise having jurisdiction over his factory from which he intends to export.

The Letter of Undertaking should not be furnished to the Maritime Commissioner or any other officer authorised by the Board.

A 'Letter of Undertaking' shall be valid for twelve calendar months provided the exporter complies with the conditions of the Letter of Undertaking, especially the procedure for

'acceptance of proof of export' under this instruction. In case of persistent defaults or non-compliance causing threat to revenue, the manufacturer-exporter may be asked to furnish bond with security/surety. For the sake of clarification, it is mentioned that this Letter of Undertaking should not be taken for each consignment of export.

The obligation of the manufacturer flows from statutory requirement of exporting the goods within six months or such extended period as the Deputy/Assistant Commissioner of Central Excise may allow. Failing this, the exporter is required to deposit the requisite sum (duty and interest) *suo motu*, considering that the manufacturer has to do 'self-assessment'. Any non-payment within 15 days of expiry of the stipulated time period, shall be treated as arrears of revenue and the Department will proceed to recover the same as 'sum due to Government'. *Suo motu* payment within 15 days of expiry of the stipulated time period will not be treated as 'default'.

On repeated failure of the manufacturer-exporter to comply with the conditions of the Letter of Undertaking or the procedure for 'acceptance of proof of export' under this instruction, the Deputy/Assistant Commissioner of Central Excise may direct him in writing that the Letter of Undertaking is not valid and he should furnish B-1 Bond with sufficient security/surety.

The Letter of Undertaking shall not be discharged unless the goods are duly exported, to the satisfaction of the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise within the time allowed for such export or are otherwise accounted for to the satisfaction of such officer, or until the full duty due upon any deficiency of goods, not accounted so, and interest, if any, has been paid.

Though any exporter (manufacturer-exporter or merchant-exporter) can furnish bond, the merchant-exporters are necessarily required to furnish bond in the B-1 Form specified in notification no. 42/2001-Central Excise (N.T.), with such security or surety as may be specified by the concerned bond accepting authority. The bond shall be in a sum equal at least to the duty chargeable on the goods for the due arrival of export goods at the place of export and their export therefrom under Customs or as the case may be postal supervision. The officer who will accept the bond, will also be responsible for discharging that bond upon furnishing proof of export by the exporter.

The bond shall not be discharged unless the goods are duly exported, to the satisfaction of the Deputy/Assistant Commissioner of Central Excise or Maritime Commissioner or such other officer as may be authorised by the Board on this behalf within the time allowed for such export or are otherwise accounted for to the satisfaction of such officer, or until the full duty due upon any deficiency of goods, not accounted so, and interest, if any, has been paid.

Certificate 'CT-1', in specified form have to be obtained by merchant-exporters for procuring goods from a factory or warehouse. Such certificates need not be obtained for each consignment but will be given in lots of 25.

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3. Procedure for clearance from the factory or warehouse : A manufacturer-exporter who has furnished a Letter of Undertaking will prepare the export documents (A.R.E.1 and invoice under rule 11) for clearance from his factory of production.

A merchant-exporter who has furnished a bond shall be provided sufficient number of certificates (CT-1), duly signed/certified, in multiples of 25 copies, normally covering a period of one to three months, depending upon the track record of compliance by the exporter. The 'bond accepting authority' shall be responsible for verifying and accepting the proof of export and in case of any defaults by the exporter, to recover the sum and enforcing the bond. The certificate should be provided according to the volume of exports projected by the exporter (which should also reflect in the amount of bond). The compliance of the exporter in submitting the requisite documents towards 'proof of export' shall be another criterion.

The second part of CT-1 is very important. The exporter shall determine the description of goods for procurement from a particular factory or warehouse or an approved place of storage, quantum, value of procurement (provisional figures) and duty involved therein (provisional figures – but based on correct rate of duty and contracted transaction value). This 'duty' element will be debited provisionally. The exporter shall ensure that at the time of debit, sufficient credit is available at that point of time to cover the said debit. The provisional debit shall be converted into final debit within a period of seven days from the date of removal of goods on A.R.E.1, based on the 'duty payable' in goods cleared for export reflected in the said A.R.E.1 and invoice.

The manufacturer shall record the clearance in his Daily Stock Account indicating, *inter alia*, the invoice number/date, A.R.E.1 number/date and duty payable but foregone under Rule 19.

The exporter has two optional procedures regarding the manner in which he may clear the export consignments from the factory or warehouse or any other approved premises, namely: -

- (i) Examination and sealing of goods at the place of despatch by a Central Excise Officer
- (ii) Self-sealing and self-certification

4. Sealing of goods and examination at place of despatch : The exporter is required to prepare five copies of application in the Form ARE-1. The Form is specified in Annexure-I to notification No. 42/2001-Central Excise (N.T.) dated 26.6.2001. The goods shall be assessed to duty in the same manner as the goods for home consumption, though duty is not required to be paid considering clearance is meant for export without payment of duty. The classification and rate of duty should be in terms of Central Excise Tariff Act, 1985 read with any exemption notification and/or the said Rules. The value shall be the "transaction value" and should conform to section 4 or section 4A, as the case may be, of the Central Excise Act, 1944. It is clarified that this value may be less than, equal to or more than the

F.O.B. value indicated by the exporter on the Shipping Bill.

The duty payable shall be determined on the ARE.1 and invoice and recorded in the Daily Stock Account as "duty foregone on account of export under rule 19".

The exporter may request the Superintendent or Inspector of Central Excise having jurisdiction over the factory of production or manufacture, warehouse or approved premises for examination and sealing at the place of despatch 24 hours in advance, or such shorter period as may be mutually agreed upon, about the intended time of removal so that arrangements can be made for necessary examination and sealing.

In case of exports under Duty Exemption Entitlement Certificate Scheme (DEEC), Duty Exemption Pass Book Scheme (DEPB) and claim for Drawback, the Superintendent of Central Excise shall also examine and seal the consignment and sign the documents in token of having done so. In exceptional cases, where the exporter has unblemished track record of compliance (Central Excise) and where there is non-availability of Superintendent of Central Excise due to leave, vacant post or other reasonable causes, the jurisdictional Deputy/Assistant Commissioner of Central Excise may permit examination and sealing by Inspector. All other types of export may be examined and sealed by the Inspector of Central Excise.

The Superintendent or Inspector of Central Excise, as the case may be, will verify the identity of goods mentioned in the application and also verify whether the duty self-assessed is appropriate and that the particulars of the duty payable has been recorded in the Daily Stock Account. If he finds that the declaration in ARE.1 and the invoices are correct from the point of view of identity of goods and its assessment to duty, he shall seal each package or the container ensuring that the goods cannot be tampered with after the examination. Normally, individual packages should be sealed by using wire and lead seals and an all-sides-closed container by using numbered one time Lock/Bottle seals or in such other manner as may be specified by the Commissioner of Central Excise by a special or general written order. Thereafter, the said officer shall endorse and sign each copy of the application in token of having such examination done and put his stamp with his name and designation below his signature.

5. Distribution of ARE.1 in the case of export from the factory or warehouse :

Original (First Copy)	The said Superintendent or Inspector of Central Excise shall return to the exporter immediately after endorsements and signature.
Duplicate (Second Copy)	The said Superintendent or Inspector of Central Excise shall return to the exporter immediately after endorsements and signature.
Triplicate (Third Copy)	Sent to the bond sanctioning authority, either by post or by handing over to the exporter in a tamper proof

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	sealed cover after posting the particulars in official records.
Quadruplicate (Fourth Copy)	Retain for official records.
Quintuplicate (Fifth Copy)	Optional copy - The said Superintendent or Inspector of Central Excise shall return to the exporter immediately after endorsements and signature.

6. Distribution of ARE.1 in the case of export from other than factory or warehouse:

Where goods are not exported directly from the factory of manufacture or warehouse, the distribution of A.R.E.1 will be the same as above except that the triplicate copy of application shall be sent to the Superintendent having jurisdiction over the factory of manufacture or warehouse who shall, after verification forward the triplicate copy in the manner specified above.

7. Despatch of goods by self-sealing and self-certification : Self-sealing and self-certification is a procedure by which the exporter who is a manufacturer or owner of a warehouse, may remove the goods for export from his factory or warehouse without examination by a Central Excise Officer. This procedure will also be permitted in the cases where a merchant-exporter procures the goods directly from a factory or warehouse. In both cases, the manufacturer of the export goods or owner of the warehouse shall take the responsibility of sealing and certification. For this purpose the owner, the working partner, the Managing Director or the Company Secretary, of the manufacturing unit of the goods or the owner of warehouse or a person (who should be permanent employee of the said manufacturer or owner of the warehouse holding reasonably high position) duly authorised by such owner, working partner or the Board of Directors of such company, as the case may be, shall certify on all the copies of the application (A.R.E. 1) that the goods have been sealed in his presence. The exporter shall distribute the copies of A.R.E. 1 in the following manner:

Original (First copy) and Duplicate (Second copy)	Send to the place of export along with the goods
Triplicate (Third copy) and Quadruplicate (Fourth copy)	Superintendent or Inspector of Central Excise having jurisdiction over the factory or warehouse within twenty four hours of removal of the goods
Quintuplicate (Fifth copy)	Optional copy - Send to the place of export along with the goods

The said Superintendent or Inspector of Central Excise shall verify the particulars of assessment, the correctness of the amount of duty paid or duty payable, its entry in the Daily Stock Account maintained under Rule 10 of the Central Excise Rules, 2002 (the

manufacturer or warehouse owner will be required to present proof in this regard), corresponding invoice issued under Rule 11. If he is satisfied with the particulars, he will endorse the relevant A.R.E. 1 and append his signatures at specified places in token of having done the verification. In case of any discrepancy, he will take up the matter with the assessee for rectification and also inform the jurisdictional Assistant/Deputy Commissioner. Once verification is complete and the A.R.E. 1 is in order, he shall distribute the documents (A.R.E. 1) in the following manner:

Triplicate (Third copy)	Send to the bond accepting authority, either by post or by handing over to the exporter in a tamper proof sealed cover after posting the particulars in official records. Where manufacturer has given LUT, triplicate shall be retained and will be forwarded to the Deputy/Assistant Commissioner of the Division along with Statement, after matching them with original copies of A.R.E.1s.
Quadruplicate (Fourth copy)	Retain for Range records (The notification does not specify this distribution of this copy)

8. Export by parcel post : In case of export by parcel post after the goods intended for export has been sealed, the exporter shall affix to the duplicate application sufficient postage stamps to cover postal charges and shall present the documents, together with the package or packages to which it refers, to the postmaster at the office of booking.

9. Examination of goods at the place of export : The place of export may be a port, airport, Inland Container Depot, Customs Freight Station or Land Customs Station.

The exporter shall present together with original, duplicate and quintuplicate (optional) copies of the application (A.R.E. 1) to the Commissioner of Customs or other duly appointed officer – normally goods are presented in the designated export shed.

The goods are examined by the Custom officers for the purposes of Central Excise to establish the identity and quantity, i.e. the goods brought in the Customs area for export on an A.R.E. 1 are the same which were cleared from the factory. The Customs authorities also examine the goods for Customs purposes such as verifying for certain export incentives such as drawback, DEEC, DEPB or for determining exportability of the goods.

For Central Excise purposes, the Officers of Customs at the place of export shall examine the consignments with the particulars as cited in the application (A.R.E. 1) and if he finds that the same are correct and the goods are exportable in accordance with the laws for the time being in force (for example, they are not prohibited or restricted from being exported), shall allow export thereof. Thereafter, he will certify on the copies of the A.R.E. 1 that the goods have been duly exported citing the shipping bill number and date and other particulars of export and distribute in the following manner:

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The officer of customs shall return the original and quintuplicate (optional copy for exporter) copies of application to the exporter and forward the duplicate copy of application either by post or by handing over to the exporter in a tamper proof sealed cover to the officer specified in the application, from whom exporter wants to claim rebate.

Quintuplicate A.R.E. 1 is the Export Promotion Copy and the exporter shall use this copy for the purposes of claiming any other export incentive.

10. Procedure relating to proof of export and re-credit against such proof : The procedure relating to acceptance of proof of export or the 'validation' of actual export has been simplified. The original and duplicate copies of A.R.E. 1 are presented to the Customs authorities at the place of export [with option for exporter to also present quintuplicate copy]. The Customs authority certifies the actual export on these documents and distributes the copies as specified.

The exporter shall submit a Statement, at least once in a month, in specified form along with the original copies of A.R.E. 1 with due certification of export (Pass for Shipment Order) by Customs authorities at the place of export to the Divisional office (through Range) or in the office of the bond-accepting authority. Other supporting documents shall also be furnished, namely, self-attested photocopy of Bill of Lading and self-attested photocopy of Shipping Bill (Export Promotion Copy). The Range office or the Office of the bond-accepting authority immediately on receipt shall acknowledge the Statement.

The exporter is permitted to take credit in his running bond account on the basis of copy of the Statement referred to above, duly acknowledged by the Range office or the office of the bond-accepting authority

It shall be the responsibility of the Range Office and Division Office or the other bond-accepting authority to verify the correctness of Statement and A.R.E.1 furnished by the exporter within the shortest possible time. The Statement and A.R.E.1 will be tallied by the Range Officers with the triplicate copies of A.R.E.1 already with them and the A.R.E.1 or its summary received directly from the place of export (hard copies or electronic summary or e-mail) within 15 days of the receipt. The Divisional Officer shall accept the proof of export or initiate necessary action in case of any discrepancy.

In case of other bond-accepting authority, their office will do this work. The bond-accepting authority shall accept the proof of export or initiate necessary action in case of any discrepancy. He will also intimate about the acceptance of proof of export or any other action to the Deputy/Assistant Commissioner of Central Excise from whose jurisdiction goods were cleared for export.

In case of non-export within six months from the date of clearance for export (or such extended period, if any, as may be permitted by the Deputy/Assistant Commissioner of Central Excise or the bond-accepting authority) or discrepancy, the exporter shall himself deposit the excise duties along with interest on his own immediately on completion of the

statutory time period or within ten days of the Memorandum given to him by the Range/Division office or the Office of the bond-accepting authority. On failure to do so necessary action can be initiated to recover the excise duties along with interest and fine/penalty. Failing this, the amount shall be recovered from the manufacturer-exporter along with interest in terms of the Letter of Undertaking furnished by the manufacturer. In cases where the exporter has furnished bond, the said bond shall be enforced and proceedings to recover duty and interest shall be initiated against the exporter.

In case of any loss of document, the Divisional Officer or the bond accepting authority may get the matter verified from the Customs authorities at the place of export or may call for collateral evidences such as remittance certificate, Mate's receipt etc. to satisfy himself that the goods have actually been exported.

6.2.2 Export to Nepal and Bhutan without Payment of Duty

The conditions and procedure for export to Nepal and Bhutan without payment of duty (under bond) have been given by the Board in Notification No. 45/2001-Central Excise (N.T.) dated 26.6.2001.

1. Places from where goods can be exported : Under the said notification, export can be made from any of the following places: -

- (i) the factory of production or manufacture
- (ii) warehouse, or
- (iii) any other premises as may be approved by the Commissioner of Central Excise.

2. Forms to be used : The export shall be required to file a general bond in the Form specified in the said notification with such security or surety as may be specified by the concerned bond accepting authority. The bond shall be in a sum equal at least to the duty chargeable on the goods for the due arrival of export goods at the place of export (Land Customs Station) and their export therefrom under Customs supervision. The officer who will accept the bond, will also be responsible for discharging that bond upon furnishing proof of export by the exporter.

The bond shall not be discharged unless the goods are duly exported, to the satisfaction of the Deputy/Assistant Commissioner of Central Excise or Maritime Commissioner or such other officer as may be authorised by the Board on this behalf within the time allowed for such export or are otherwise accounted for to the satisfaction of such officer, or until the full duty due upon any deficiency of goods, not accounted so, and interest, if any, has been paid.

Invoice in the Form specified in the said notification shall be used for export clearances. Six copies of invoice shall be prepared. This document shall bear running serial number beginning from the first day of the financial year. During this year, for the sake of continuity,

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the serial number, as started from 1.4.2001, may continue. The stationery for invoice under erstwhile notification no. 50/94-Central Excise (N.T.) dated 22.9.1994 may be used for the time being during this financial year. On the invoice, certain declarations are required to be given by the exporter. They should be signed by the exporter or his authorised agent.

Certificate shall be required in the Form specified in the said notification from the Reserve Bank of India or any other bank authorised to deal in foreign exchange by the Reserve Bank of India, for the receipt of full payment in freely convertible currency. Certificate may also be required where remittance is received in Indian rupee.

6.3 CATEGORIES OF EXPORTS AND THE CONDITIONS AND SAFEGUARDS THERETO

6.3.1 Export under bond to Nepal or Bhutan where payment is in freely convertible currency : Export under bond to Nepal or Bhutan where payment is in freely convertible currency, shall be subject to following conditions, namely: -

- (i) the importer of the goods in Nepal or Bhutan, as the case may be, shall make full payment for said goods to the exporter thereof by furnishing Foreign Inward Remittance Certificate for such payment from any bank authorized to deal with foreign exchange by Reserve Bank of India or shall open an irrevocable letter of credit in favour of such exporter in India, before the export of such goods takes place.
- (ii) condition (i) shall not apply if the excisable goods other than consumer goods, but excluding motor vehicles, are exported without payment of duty as:-
 - (a) supplies to projects financed by any United Nations agency, the International Bank for Reconstruction and Development, International Development Association, the Asian Development Bank or any other multilateral agency of like nature;
 - (b) to all diplomatic missions in Nepal or Bhutan provided the Indian Embassy or the Ministry of External Affairs certifies that the import is for the personnel of the diplomatic community;
- (iii) the exporter shall furnish a bond in the prescribed form before the Assistant/Deputy Commissioner of Central Excise having jurisdiction over the factory, warehouse, or the approved premises or such other officer as authorized by the Board on this behalf, from where the goods are removed for export to Nepal, as the case may be, or Bhutan;
- (iv) where the export is against an irrevocable letter of credit, the exporter shall furnish a certificate in the prescribed form from the Reserve Bank of India or any other bank authorized to deal in foreign exchange by the Reserve Bank of India, showing that

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full payment for the goods has been duly received in freely convertible currency. On receipt of such a certificate and on the satisfaction that the goods have been exported in terms of the bond, the Assistant/Deputy Commissioner of Central Excise or such other officer as authorized by the Board on this behalf shall discharge the exporter of his liabilities under the bond.

6.3.2 Export to Nepal in bond against payment in Indian rupee: As an exception to the above category of export, capital goods, as defined in the said notification may be exported under bond directly from the factory of manufacture to Nepal against any global tender invited by His Majesty's Government of Nepal without payment of duty, for which payment is received in Indian currency. Such exports shall be subject to the following further conditions, namely: -

- (i) the exporter shall furnish a bond in specified form before the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise or such other officer as authorised by the Board on this behalf; and
- (ii) the exporter shall furnish a certificate of remittances in specified form from a bank in India showing that full payment for the goods has been duly received in Indian currency by the said bank.

On receipt of the certificate of remittances and on the satisfaction that the goods have been exported in terms of bond, the bond accepting authority shall discharge the exporter of his liabilities under the bond.

6.3.3 Export in bond of petroleum oil and lubricant products to Nepal: The export in bond without payment of duty of excise of petroleum oil and lubricant products to Nepal is permitted through the agency of Nepal Oil Corporation from calibrated stocks of M/s Indian Oil Corporation registered as a warehouse in accordance with the provisions of Rule 20 of the said Rules, and situated at places notified for the purpose or purchased without payment of duty from tanks of other Oil companies or undertakings. For this facility, the Indian Oil Corporation shall be required to furnish a bond in the specified Form to the Deputy/Assistant Commissioner of Central Excise having jurisdiction over the installation from which the petroleum oil and lubricant products are to be exported.

6.3.4 Export in bond for supplies to Government of India Aided Projects in Nepal and the Embassy Co-operative Store and Embassy Petrol Pump located in Nepal for the bonafide use of officers and staff of the Embassy in Nepal : Export in bond for supplies to Government of India Aided Projects in Nepal and the Embassy Co-operative Store and Embassy Petrol Pump located in Nepal for the *bonafide* use of officers and staff of the Embassy in Nepal shall be subject to the following conditions, namely: -

- (i) the exporter shall furnish a bond in specified Form to the Deputy/Assistant Commissioner of Central Excise; and

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- (ii) the First Secretary (Economic), Embassy of India, Nepal, certifies the signature and stamp or seal of the person authorised to place the order for supply of excisable goods to the specified Government of India Aided Projects in Nepal.

6.3.5 Export without payment of duty to Kurichu Hydro Electric Project and Tala Hydro Electric Project in Bhutan

Export of all excisable goods without payment of duty to Kurichu Hydro Electric Project and Tala Hydro Electric Project in Bhutan shall be subject to the following conditions, namely: -

- (i) The exporter shall furnish a bond in specified Form before the Deputy/Assistant Commissioner of Central Excise having jurisdiction over the factory or warehouse from which the goods have to be cleared.
- (ii) The goods are supplied against one or more specified contract which have been registered with the Directorate General of Inspection, Customs and Central Excise in the following manner:
 - (a) Every Project Authority specified in the notification (notification no. 45/2001-CE(N.T.), supra, desirous of obtaining supplies under benefits of this notification shall apply in writing to the Director General, Directorate General of Inspection (Customs and Central Excise) [hereinafter referred to as DGICCE], 5th Floor, Drum Shape Building, I.P. Estate, New Delhi for registration of the contract through Ministry of External Affairs as soon as the contract has been concluded with the suppliers.
 - (b) The application shall be accompanied by the original deed of contract and list of items duly approved by the Ministry of External Affairs.
 - (c) The Project Authority shall also furnish such other documents or other particulars as may be required by the DGICCE in connection with the project.
 - (d) DGICCE, on being satisfied, shall register the contract by entering the particulars in a Register maintained separately for each project and shall assign a number in token of registration and communicate the same to the Project Authority and shall also return to the project authority all original documents which are no longer required. This number shall be indicated on all the invoices and other related documents.
 - (e) A copy of the contract so registered along with the approved list of items shall be forwarded to the Commissioner of Central Excise having jurisdiction over the factory/warehouse to which the contract pertains for extending benefits under this notification and consequent benefits under the CENVAT Credit Rules, 2002 to the supplier.

Amendment of Contract

If any contract referred to hereinabove is amended, whether before or after registration, the Project Authority shall make an application for registration of amendments to the said contract to the DGICCE.

The application shall be accompanied by the original deed of contract relating to the amendment and a list of items pertaining to amendment, if any, duly approved by the Ministry of External Affairs.

On being satisfied that the application is in order the DGICCE shall make note of the amendments in the relevant entries.

The DGICCE shall forward a copy of the amended contract and the amended list of items, if any, to the concerned Commissioner of Central Excise.

Finalisation of Contract

- (a) Each Project Authority shall submit a statement of supplies received on quarterly basis along with relevant invoices and other documents to the DGICCE within one month from the last date of the quarter.
- (b) The Commissioner of Central Excise to whom a registered contract has been forwarded shall forward a statement, after all the items covered under the contract have been exported, to the DGICCE.
- (c) The DGICCE shall, on receipt of the statement, reconcile both and, if satisfied, finalise the contract and close the entry in the register.

There should be a release order from the officer authorised by the General Manager of the concerned project authority covering the goods.

The exporter shall furnish a bond in the specified Form to the Deputy/Assistant Commissioner of Central Excise having jurisdiction over the factory or warehouse or the approved premises or from where the goods are removed for export to the specified project.

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6.4.1 Procedure at the place of despatch: Six copies of invoice shall be presented to the Superintendent or Inspector of Central Excise having jurisdiction over the factory, warehouse or any other approved premises along with the export goods.

In case of export for supplies to Government of India Aided Projects in Nepal and the Embassy Co-operative Store and Embassy Petrol Pump located in Nepal for the *bonafide* use of officers and staff of the Embassy in Nepal, the order from Project Implementation Authority shall also be presented.

The Superintendent or Inspector of Central Excise having jurisdiction over the factory,

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warehouse or any other approved premises shall verify the identity of goods with reference to description mentioned in the invoice and the particulars of the duty payable but for export, and if found in order, he shall seal the consignment, tank or container with Central Excise seal or in such other manner as may be specified by the Commissioner of Central Excise and endorse each copy of the export invoice in token of having such verification and examination done by him.

The said Superintendent or Inspector will allow export and distribute invoices in the following manner:

Original (First copy)	Hand over to the exporter
Duplicate, triplicate and quadruplicate (second, third and fourth copies)	Hand over to the exporter or his agent in a sealed cover for delivery to the Customs officer in-charge of the Land Customs Station through which the goods are intended to be exported.
Quintuplicate copy (Fifth copy)	Forwarded to the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise who has accepted the bond
Sixtuplicate (Sixth copy)	Retain for official record

The exporter or his agent shall then be free to remove the goods for export to Nepal through the Land Customs Station indicated on the respective invoices.

Where the goods are exported by land, the export shall take place through any of the following land customs stations, namely, Sukhiapokhri, Panitanki, Jogbani, Jayanagar, Baigania, Bhimnagar, Bitamore (Sursand), Raxaul, Sonauli, Barhni, Nepalganj Road, Shohratgar (Khunwa), Jarwa, Katarniaghat, Gauriphanta, Banbasa, Jhulaghat, Dharchula, Naxalbari, Galgalia, Kunauli, Sonabarsa, Tikonja, or such other check-post as may be specified by the Board.

6.4.2 Procedure at the Land Customs Station : The exporter or his agent shall present the goods to the officer of customs in-charge of the land customs station along with the original copy of the invoice and the sealed cover containing duplicate, triplicate and quadruplicate copies and obtain acknowledgement;

Where the contents of all the copies of invoices tally and the packages, goods or container are satisfactorily identified with their seals in tact, the officer of customs in-charge of the land customs station shall make necessary entries in the register maintained at the land customs station and allow the goods to cross into the territory of Nepal or Bhutan and certify accordingly on each of the four copies of the invoice and indicate the running serial number in red ink prominently visible and encircled. In case the seals are not found intact, the officer of customs in charge of the land customs station may re-seal the containers with

his own seal after satisfying himself as to the identity of the containers and the goods from the particulars shown on the invoice by opening and examining the goods, if necessary;

Distribution of invoices by Customs Officer

Original (First copy)	Hand over to the exporter or his agent alongwith the goods for presentation to the Customs Officer of Nepal or Bhutan.
Duplicate and triplicate (Second and third copy)	Send to the Nepalese or Bhutanese Customs Officer in-charge of the check post through which the goods are to be imported into Nepal or Bhutan, as the case may be

Presentation of goods to Nepalese or Bhutanese Customs Officers: The goods are then to be produced before the Nepalese or Bhutanese Customs Officer, as the case may be, at the corresponding border check-post alongwith the original copies of the invoice. The Nepalese or Bhutanese Customs Officer shall deal with the original and triplicate copies of the invoice as directed by His Majesty's Government of Nepal or His Majesty's Government of Bhutan and return the duplicate copy, after endorsing his certificate of receipt of goods in Nepal or Bhutan, as the case may be, directly to the officer of customs-in-charge of the land customs station in India.

Further distribution of invoices: The officer of customs in-charge of the land customs station shall forward the duplicate copy to the Central Excise Officer in charge of the factory or warehouse from which the goods were removed for export without payment of duty. For this purpose, the said officer in charge of the land customs station should keep a note of the return of duplicate copies from the Customs Officer of Nepal or Bhutan and remind the exporter for such copies as have not been received, failing which the exporter may be liable to pay full duty on such consignments.

The customs officers, at the land customs station shall also maintain a **separate** record of all such in-bond exports of the goods without payment of duty and shall assign running serial number on the invoice at the time of export as indicated earlier.

6.5 PROCEDURE FOR DISCHARGE OF BOND OR THE DUTY LIABILITY

Essential ingredients for discharge of bond have already been mentioned under each category of exports.

The general procedure would be - the exporter shall submit the quadruplicate copy duly endorsed by the officer of customs in-charge of land customs station to the Central Excise officer who has accepted the bond along with bank, certificate evidencing receipt of payment in freely convertible currency (in Indian Rupee in particular category), within six months from the date of removal of the goods. It may be noticed that earlier, the above

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mentioned period has been extended from 'three' months to 'six' months, as compared to erstwhile notification.

The Central Excise officer will tally the particulars with quintuplicate copy of the invoice received from the Central Excise officer who has allowed clearance from the factory or warehouse or any other approved premises and make suitable entries in Bond Account of the exporter, giving provisional credit or discharging the bond provisionally.

On receipt of the duplicate copy of invoice, duly endorsed by customs officer of Nepal or Bhutan from the customs officer in charge of land customs station, certifying export of the goods and after tallying the particulars with those in quadruplicate copy of the invoice make suitable entries in Bond Account and the obligation under the said bond will then be discharged.

In case of failure to export within six months from the date of removal from the factory or warehouse or any other approved premises, or shortages noticed, the exporter shall discharge the duty liability on the goods not so exported or shortage noticed along with twenty four per cent interest thereon from the date of removal for export without payment of duty till the date of payment of duty in terms of the bond.

6.6 CANCELLATION OF EXPORT DOCUMENTS

If the excisable goods cleared under A.R.E.1 are not exported for any reason and the exporter intends to divert the goods for home consumption, he may request in writing the authority who accepted the bond or letter of undertaking to allow cancellation of application, and diversion of goods for consumption in India. He will be permitted to do so if he pays the duty as specified in the application along with interest on such duty from the date of removal for export from the factory or warehouse till the date of payment of duty. The permission shall be granted within 3 working days. Since duty assessment on A.R.E 1 has to be done in normal course, there will not be any need for re-assessment by the Department or the assessee unless there are reasons to believe that the assessment was not correct. After the duty is discharged, the exporter may take credit in his running bond (where bond is furnished) on the basis of letter of permission, invoice and TR-6 Challans on which duty is paid. He shall record these facts in the Daily Stock Account.

If the exporter, after clearing the goods for export without payment of duty, intends to change the destination or buyer or port/place of export, he may do so provided he informs the bond/LUT accepting authority in writing about the changes and makes necessary changes in all the copies of A.R.E.1 and the invoices. If he intends to cancel the original export documents and issue fresh ones, the same may be done under permission and authentication by bond/LUT accepting authority who will ensure that the serial no. and date of the initial documents are endorsed on the fresh documents. In such cases, if bond was furnished for single consignment, fresh bond may not be asked.

6.7 RE-ENTRY OF THE GOODS CLEARED FOR EXPORT UNDER BOND BUT NOT ACTUALLY EXPORTED, IN THE FACTORY OF MANUFACTURE

The excisable goods cleared for export under bond or undertaking but not actually exported for any genuine reasons may be returned to the same factory provided –

- (i) such goods are returned to the factory within six months along with original documents (invoice and A.R.E.1);
- (ii) the assessee shall give intimation of the re-entry of each consignment in Form D-3 within twenty-four hours of such re-entry;
- (iii) such goods are to be stored separately for at least for 48 hours from the time intimation is furnished to Range Office or shorter period if verification is done by the Superintendent of Central Excise in the manner mentioned subsequently ; and
- (iv) the assessee shall record details of such goods in the daily stock account and taken in the stock in the factory.

The Superintendent of Central Excise will verify himself or through Inspector in charge of the factory, about the identity of such goods with reference to invoice, A.R.E.1 and the daily stock account in respect of 5% of intimations, within another 24 hours of receipt of intimation.

6.8 RE-IMPORT OF EXPORTED GOODS FOR REPAIRS ETC. AND SUBSEQUENT RE-EXPORT

It has been provided in the Notification 42/2001-Central Excise (N.T.), *supra*, that the exported excisable goods which are re-imported for carrying out repairs, re-conditioning, refining, re-making or subject to any similar process may be returned to the factory of manufacture for carrying out the said processes and subsequent re-export. It may be noted that 're-import and re-export' shall be governed by the provisions of the Customs Act, 1962.

So far Central Excise is concerned, the manufacturer shall maintain separate account for return of such goods in a daily stock account and make suitable entry on the said account after goods are processed, repaired, re-conditioned, refined or re-made. When such goods are exported, the usual export procedure shall be followed.

Any waste or refuse arising as a result of the said processes shall be removed from the factory on payment of appropriate duty or destroyed after informing the proper officer in writing at least 7 days in advance and after observing such conditions and procedure as may be specified by the Commissioner of Central Excise and thereupon the duty payable on such waste or refuse may be remitted by the said Commissioner of Central Excise.

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6.9 ENTRY OF GOODS IN ANOTHER FACTORY OF THE SAME MANUFACTURER FOR CONSOLIDATION AND LOADING OF CONSIGNMENT FOR EXPORT

Goods removed without payment of duty for export on A.R.E.1 from one factory (hereinafter referred to as 'the first factory') of a manufacturer are allowed to enter in another factory of the said manufacturer (hereinafter referred to as the 'subsequent factory') only for the purpose of consolidation and loading of goods manufactured in subsequent factory and export therefrom subject to following conditions: -

- (i) The exporter shall be required to get his goods examined and sealed at each factory (the places of despatch) by a Central Excise Officer.
- (ii) The export goods shall be brought under cover on invoice and A.R.E.1 in the subsequent factory in original packing and duly sealed by Central Excise Officers. In case goods are stuffed in a container, Central Excise Officer shall duly seal the container in the first factory and the sealing of each package shall not be insisted upon. The Central Excise Officer having jurisdiction over the subsequent factory shall supervise the opening of the seal of container, loading of goods (duly sealed if these goods are to be loaded in open truck/vehicle) belonging to the subsequent factory in vehicle or container and sealing of the container.
- (iii) The exporter or the manufacturer shall pay the supervision charges.

6.10 SAMPLES OF EXPORT GOODS

The Central Excise Officer examining the consignment shall draw representative samples wherever necessary in triplicate. He shall hand over two sets of samples, duly sealed, to the exporter or his authorized agent, for delivering to the Customs Officer at the point of export. He shall retain the third set for his records. The instructions and procedure for drawl of samples specified by the Board should be followed.

6.11 EXPORT UNDER CLAIM FOR REBATE

The conditions and procedures relating to export under claim of rebate are contained in Notification No. 19/2004 -Central Excise (N.T.) dated 6th September, 2004 and Notification No. 20/2004 - Central Excise (N.T.) dated 6th September, 2004 issued under rule 18 of the Central Excise Rules, 2002.

It is worth mentioning that as per the definition of the term 'refund' in section 11B of the Central Excise Act, 1944, refund includes 'rebate' of duty of excise on excisable goods exported out of India or on excisable materials used in the manufacture of goods which are exported out of India. Thus, the procedure specified in the said Rules and the notification issued thereunder are subject to section 11B of the said Act.

6.11.1 Categories of exports

There are mainly three categories of exports: -

- (i) Export of all excisable goods to all countries except Nepal and Bhutan;
- (ii) Export to Nepal.

6.11.2 Export of excisable goods to all countries except Nepal and Bhutan

1. Conditions relating to the said export are as follows:

- (a) The excisable goods shall be exported after payment of duty, directly from a factory or warehouse. The condition of "payment of duty" is satisfied once the exporter records the details of removals in the Daily Stock Account maintained under Rule 10 of the said Rules, whereas the duty may be discharged in the manner specified under Rule 8 of the said Rules, i.e. on monthly basis.
- (b) In certain cases, the Board may issue instructions/procedures for exporting the duty paid goods from a place other than the factory or the warehouse. In this regard, a general permission has been granted in respect of goods where it is possible to correlate the goods and their duty paid character.
- (c) The excisable goods shall be exported within 6 months from the date on which they were cleared for export from the factory of manufacture or warehouse. This date will be indicated on the ARE.1 and invoice issued for the purpose. However, the Commissioner of Central Excise has powers to extend this period, for reasons to be recorded in writing in any particular case. The exporter will be required to submit written request to the Commissioner specifying the reasons why they could not export within the stipulated 6 months' period. The Commissioner should give his decision within 7 working days of the receipt of the request. It should also be noted that such permissions should not given in a routine manner.
- (d) The excisable goods supplied as ship's stores for consumption on board a vessel bound for any foreign port are in such quantities as the Commissioner of Customs at the port of shipment may consider reasonable.
- (e) The rebate claim by filing electronic declaration shall be allowed from such place of export and such date, as may be specified by the Board in this behalf.
- (f) The market price of the excisable goods at the time of exportation is not less than the amount of rebate of duty claimed.
- (g) The amount of rebate of duty admissible is not less than Rs.500.
- (h) The rebate of duty paid on those excisable goods, export of which is prohibited under any law for the time being in force, shall not be made.

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- (i) The rebate shall not be admissible in case of export of goods which are manufactured by a manufacturer availing any of the following notifications:
- (i) Notification No. 32/99- CE dated 08.07.1999 or
 - (ii) Notification No. 33/99- CE dated 08.07.1999 or
 - (iii) Notification No. 39/2001-CE dated 31.07.2001 or
 - (iv) Notification No. 56/2002-CE dated 14.11.2002 or
 - (v) Notification No. 57/2002-CE dated 14.11.2002 or
 - (vi) Notification No. 56/2003-CE dated 25.06.2003 or
 - (vii) Notification No. 71/2003-CE dated 09.09.2003 or
 - (viii) Notification No. 20/2007- CE dated 25.04.2007

2. Forms to be used

ARE.1 is the export document which shall be prepared in quadruplicate. The assessee can optionally have quintuplicate copy (5th copy) which can be used for claiming other export incentives. This document shall bear running serial number beginning from the first day of the financial year. On A.R.E.1, certain declarations are required to be given by the exporter. They should be read carefully and signed by the exporter or his authorised agent. The different copies of ARE.1 forms should be of different colours indicated below:

Original-	White
Duplicate	Buff
Triplicate	Pink
Quadruplicate	Green
Quintuplicate	Blue

It will be sufficient if the copies of ARE.1 contain a color band on the top or right hand corner in accordance with above color scheme. An invoice shall also be prepared in terms of Rule 11 of the said Rules.

For filing rebate claim: There is no specified form for filing claim of rebate. The same may be done by the exporter on their letterhead and filed with the requisite documents.

3. Procedure for clearance for export

The exporter has two optional procedures regarding the manner in which he may clear the export consignments from the factory or warehouse, namely: -

- (i) Examination and sealing of goods at the place of despatch by a Central Excise Officer.

(ii) Under self-sealing and self-certification

4. Sealing of goods and examination at place of despatch

The exporter is required to prepare five copies of application in the Form ARE-1, as per format specified in Annexure-I to Notification No. 19/2004-Central Excise (N.T.) dated 06.9.2004. The goods shall be assessed to duty in the same manner as the goods for home consumption. The classification and rate of duty should be in terms of Central Excise Tariff Act, 1985 read with any exemption notification and/or Central Excise Rules, 2002. The value shall be the "transaction value" and should conform to section 4 or section 4A, as the case may be, of the Central Excise Act, 1944. It is clarified that this value may be less than, equal to or more than the F.O.B. value indicated by the exporter on the Shipping Bill.

The duty payable shall be determined on the ARE.1 and invoice and recorded in the Daily Stock Account. It should be paid in the manner specified in Rule 8 of the said Rules.

The exporter may request the Superintendent or Inspector of Central Excise having jurisdiction over the factory of production or manufacture, warehouse or approved premises for examination and sealing at the place of despatch 24 hours in advance, or such shorter period as may be mutually agreed upon, about the intended time of removal so that arrangements can be made for necessary examination and sealing.

In case of exports under Duty Exemption Entitlement Certificate Scheme (DEEC), Duty Exemption Pass Book Scheme (DEPB) and claim for Drawback, the Superintendent of Central Excise shall also examine and seal the consignment and sign the documents in token of having done so. In exceptional cases, where the exporter has unblemished track record of compliance (Central Excise) and where there is non-availability of Superintendent of Central Excise due to leave, vacant post or other reasonable causes, the jurisdictional Deputy/Assistant Commissioner of Central Excise may permit examination and sealing by Inspector. Other types of export may be examined and sealed by the Inspector of Central Excise.

The Superintendent or Inspector of Central Excise, as the case may be, will verify the identity of goods mentioned in the application and the particulars of the duty paid or payable. If he finds that the declaration in ARE.1 and the invoices are correct from the point of view of identity of goods and its assessment to duty, and that the exporter has recorded the duty payable in Daily Stock Account, he shall seal each package or the container ensuring that the goods cannot be tampered with after the examination. Normally, individual packages should be sealed by using wire and lead seals and an all-sides-closed container by using numbered One time Lock/Bottle seals or in such other manner as may be specified by the Commissioner of Central Excise by a special or general written order. Thereafter, the said officer shall endorse and sign each copy of the application in token of having such examination done and such examination report must accompany the export goods to the port/airport of export.

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5. Distribution of documents (ARE.1)

Export from the factory or warehouse

In the case when export takes place from the factory or warehouse, the distribution of ARE.1 shall be, as follows:

Original (First Copy)	The said Superintendent or Inspector of Central Excise shall return to the exporter immediately after endorsements and signature
Duplicate (Second Copy)	The said Superintendent or Inspector of Central Excise shall return to the exporter immediately after endorsements and signature.
Triplicate (Third Copy)	Sent to the officer with whom rebate claim is to be filed, either by post or by handing over to the exporter in a tamper proof sealed cover after posting the particulars in official records.
Quadruplicate (Fourth Copy)	Retain for official records
Quintuplicate (Fifth Copy)	Optional copy - The said Superintendent or Inspector of Central Excise shall return to the exporter immediately after endorsements and signature.

Export from place other than factory or warehouse (including diversion of duty paid goods for export)

Where goods are not exported directly from the factory of manufacture or warehouse, the distribution of A.R.E.1 will be same as above except that the triplicate copy of application shall be sent by the Superintendent having jurisdiction over the factory of manufacture or warehouse who shall, after verification forward the triplicate copy in the manner specified above.

6. Despatch of goods by self-sealing and self-certification

Self-sealing and self-certification is a scheme where the exporter who is a manufacturer or owner of a warehouse, may remove the goods for export from his factory or warehouse without examination by a Central Excise Officer. This procedure will also be permitted in the cases where a merchant-exporter procures the goods directly from a factory or warehouse. In both cases, the manufacturer of the export goods or owner of the warehouse shall take the responsibility of sealing and certification. For this purpose the owner, the working partner, the Managing Director or the Company Secretary, of the manufacturing unit of the goods or the owner of warehouse or a person (who should be permanent employee of the

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said manufacturer or owner of the warehouse holding reasonably high position) duly authorised by such owner, working partner or the Board of Directors of such company, as the case may be, shall certify on all the copies of the application (A.R.E. 1) that the goods have been sealed in his presence.

The exporter shall distribute the copies of A.R.E. 1 in the following manner:

Original (First copy) and Duplicate (Second copy)	Send to the place of export along with the goods
Triplicate (Third copy) and Quadruplicate (Fourth copy)	Superintendent or Inspector of Central Excise having jurisdiction over the factory or warehouse within twenty four hours of removal of the goods
Quintuplicate (Fifth copy)	Optional copy - Send to the place of export along with the goods

The said Superintendent and Inspector of Central Excise shall verify the particulars of assessment, the correctness of the amount of duty paid or duty payable, its entry in the Daily Stock Account maintained under Rule 10 of the said Rules (the manufacturer or warehouse owner will be required to present proof in this regard), corresponding invoice issued under Rule 11. If he is satisfied with the particulars, he will endorse the relevant A.R.E. 1 and append their signatures at specified places in token of having done the verification. In case of any discrepancy, he will take up the matter with the assessee for rectification and also inform the jurisdictional Deputy/Assistant Commissioner. Once verification is complete and the A.R.E. 1 is in order, he shall distribute the documents (A.R.E. 1) in the following manner:

Triplicate (Third copy)	Send to the officer with whom rebate claim is to be filed, either by post or by handing over to the exporter in a tamper proof sealed cover after posting the particulars in official records
Quadruplicate (Fourth copy)	Send to the officer with whom rebate claim is to be filed, either by post or by handing over to the exporter in a tamper proof sealed cover after posting the particulars in official records

7. Examination of goods at the place of export

The place of export may be a port, airport, Inland Container Depot, Customs Freight Station or Land Customs Station.

The exporter shall present together with original, duplicate and quintuplicate (optional) copies of the application (A.R.E. 1) to the Commissioner of Customs or other duly appointed

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officer – normally goods are presented in the designated export shed.

The goods are examined by the Customs for the purposes of Central Excise to establish the identity and quantity, i.e. the goods brought in the Customs area for export on an A.R.E. 1 are the same which were cleared from the factory. The Customs authorities also examine the goods for Customs purposes such as verifying for certain export incentives such as drawback, DEEC, DEPB or for determining exportability of the goods.

For Central Excise purposes, the Officers of Customs at the place of export shall examine the consignments with the particulars as cited in the application (A.R.E. 1) and if he finds that the same are correct and the goods are exportable in accordance with the laws for the time being in force (for example, they are not prohibited or restricted from being exported), shall allow export thereof. Thereafter, he will certify on the copies of the A.R.E. 1 that the goods have been duly exported citing the shipping bill number and date and other particulars of export.

The officer of customs shall return the original and quintuplicate (optional copy for exporter) copies of application to the exporter and forward the duplicate copy of application either by post or by handing over to the exporter in a tamper proof sealed cover to the officer specified in the application, from whom exporter wants to claim rebate. However, where exporter claims rebate by electronic declaration on Electronic Data Inter-change system of Customs, the duplicate shall be sent to the Excise Rebate Audit Section at the place of export.

The exporter shall use the quintuplicate copy for the purposes of claiming any other export incentive.

8. Sanction of claim for rebate by Central Excise

The rebate claim can be sanctioned by any of the following officers of Central Excise:-

- (i) Deputy/Assistant Commissioner of Central Excise having jurisdiction over the factory of production of export goods or the warehouse; or
- (ii) Maritime Commissioner.

It shall be essential for the exporter to indicate on the A.R.E. 1 at the time of removal of export goods the office and its complete address with which they intend to file claim of rebate.

The following documents shall be required for filing claim of rebate:

- (i) A request on the letterhead of the exporter containing claim of rebate, A.R.E. 1 numbers and dates, corresponding invoice numbers and dates amount of rebate on each A.R.E. 1 and its calculations,
- (ii) original copy of the A.R.E.1,

- (iii) invoice issued under rule 11,
- (iv) self attested copy of shipping Bill, and
- (v) self attested copy of Bill of Lading.
- (vi) Disclaimer Certificate (in case where claimant is other than exporter).

After satisfying himself that the goods cleared for export under the relevant A.R.E. 1 applications mentioned in the claim were actually exported, as evident by the original and duplicate copies of A.R.E.1 duly certified by Customs, and that the goods are of 'duty –paid' character as certified on the triplicate copy of A.R.E. 1 received from the jurisdictional Superintendent of Central Excise (Range Office), the rebate sanctioning authority will sanction the rebate, in part or full. In case of any reduction or rejection of the claim, an opportunity shall be provided to the exporter to explain the case and a reasoned order shall be issued.

Where the individual rebate claim exceeds 5 lakh rupees, they shall be pre-audited before these are disbursed.

9. Export by parcel post

In case of export by parcel post, after the goods intended for export have been sealed, the exporter shall affix to the duplicate application sufficient postage stamps to cover postal charges and shall present the documents, together with the package or packages to which it refers, to the postmaster at the office of booking.

10. Filing of rebate claims by electronic declaration and sanction thereof through Electronic Data Inter-change (EDI)

The new concept of filing of rebate claim and its sanction through EDI established by the Customs formations at different ports/airports/ICDs/CFSs has been incorporated in the new procedure. However, its implementation is dependent upon development of software and formats of electronic forms, administrative set-up at the places of exports for auditing such claims and putting in place the necessary hardware. The new process will also require to be tested. This may take some time. Accordingly, the provision has been made that this facility will be available at such places and from such time as may be specified by the Board.

For this purpose, the expression 'electronic declaration' has been defined as the declaration of the particulars relating to the export goods, lodged in the Customs Computer System, through the data-entry facility provided at the Service Centre or the data communication networking facility provided by the Indian Customs and Central Excise Gateway (called ICEGATE), from the authorised person's computer.

6.11.3 Export to Nepal or Bhutan : For export to Nepal, a different procedure has to be followed considering that the rebate is granted to the His Majesty's Government of Nepal

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based on Indo-Nepal Treaty. Currently, the procedure is specified only for exports through specified Land Customs Stations. There is no rebate procedure for Bhutan.

1. Conditions of export

The conditions of export are similar to export to other countries. For clarity, these are explained below: -

- (i) It is essential that the excisable goods shall be exported after payment of duty, directly from a factory or warehouse. The condition of "payment of duty" is satisfied once the exporter records the details of removals in the Daily Stock Account maintained under Rule 10 of the Central Excise Rules, 2002 (hereinafter referred to as the said Rules), whereas the duty may be discharged in the manner specified under rule 8 of the said Rules, i.e. on monthly basis.
- (ii) In certain cases, the CBEC may issue instructions/procedures for exporting the duty paid goods from a place other than the factory or the warehouse.
- (iii) The excisable goods shall be exported within six months from the date on which they were cleared for export from the factory of manufacture or warehouse. This date will be indicated on the Nepal Invoice issued for the purpose. However, the Commissioner of Central Excise has powers to extend this period, for reasons to be recorded in writing in any particular case. The exporter will be required to submit written request to the Commissioner specifying the reasons why they could not export within the stipulated six months' period. The Commissioner should give his decision within seven working days of the receipt of the request. It should also be noted that such permissions should not given in a routine manner.
- (iv) The rebate shall not, in each case, exceed the aggregate of the duty of Customs and additional duty of Customs levied by His Majesty's Government of Nepal on such goods when they are imported into Nepal from any country other than India.
- (v) The goods exported by land can only be exported through the specified land customs stations.

2. Nepal Invoice

The Format of 'Nepal Invoice' has been specified in the notification no. 20/2004-Central Excise (N.T.) dated 6.9.2004.

3. Procedure for export to Nepal

The exporter is required to prepare five copies of Nepal Invoice. The goods shall be assessed to duty in the same manner as the goods for home consumption. The classification and rate of duty should be in terms of Central Excise Tariff Act, 1985 read with any exemption notification and/or the said Rules. The value shall be the "transaction value" and should conform to section 4 or section 4A, as the case may be, of the Central Excise

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Act, 1944. It is clarified that this value may be less than, equal to or more than the F.O.B. value indicated by the exporter on the Bill of Export.

The duty payable shall be determined on the Nepal Invoice and recorded in the Daily Stock Account. It should be paid in the manner specified in Rule 8 of the said Rules.

The exporter may request the Superintendent or Inspector of Central Excise having jurisdiction over the factory of production or manufacture, warehouse or approved premises for examination and sealing at the place of despatch 24 hours in advance, or such shorter period as may be mutually agreed upon, about the intended time of removal so that arrangements can be made for necessary examination and sealing.

In case of exports under Duty Exemption Entitlement Certificate Scheme (DEEC), Duty Exemption Pass Book Scheme (DEPB) and claim for Drawback, the Superintendent of Central Excise shall also examine and seal the consignment and sign the documents in token of having done so. In exceptional cases, where the exporter has unblemished track record of compliance (Central Excise) and where there is non-availability of Superintendent of Central Excise due to leave, vacant post or other reasonable causes, the jurisdictional Assistant/Deputy Commissioner of Central Excise may permit examination and sealing by Inspector. Other types of export may be examined and sealed by the Inspector of Central Excise.

The Superintendent or Inspector of Central Excise, as the case may be, will verify the identity of goods mentioned in the application and the particulars of the duty paid or payable. If he finds that the declaration in Nepal Invoice are correct from the point of view of identity of goods and its assessment to duty, and that the exporter has recorded the duty payable in Daily Stock Account, he shall seal each package or the container ensuring that the goods cannot be tampered with after the examination. Normally, individual packages should be sealed by using wire and lead seals and an all-sides-closed container by using numbered One time Lock/Bottle seals or in such other manner as may be specified by the Commissioner of Central Excise by a special or general written order. Thereafter, the said officer shall endorse and sign each copy of the application in token of having such examination done.

The distribution of the Nepal invoice shall be, as follows:

Original (First copy)	Hand over to the Exporter or his agent along with the goods, packages or container after sealing it.
Duplicate (Second Copy)	To be put in a sealed cover and given to the exporter or his agent by the Central Excise Officer for being handed over to the officer of Customs In-Charge of the concerned land customs station
Triplicate (Third Copy)	To be put in a sealed cover and given to the exporter or his agent by the Central Excise Officer for being handed over to the officer of Customs In-Charge of the concerned land customs station

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Quadruplicate (Fourth Copy)	To be retained by the Central Excise Officer.
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The exporter or his agent shall then be free to remove the goods for export to Nepal, through the specified land customs stations.

4. Procedure at the land customs station

The exporter or his agent shall present the goods to the officer of Customs in-charge of the land customs station along with the original copy of invoice and the sealed cover containing duplicate and triplicate copies;

The said officer shall examine the goods with reference to the declarations in the Nepal Invoice. Where the contents of all the copies of invoices tally and the packages, goods or container are satisfactorily identified with their seals intact, the said customs officer shall make necessary entries in the register maintained at the land customs station and allow the goods to cross into the territory of Nepal. He may, to satisfy himself as to the identity of the packages, goods or containers from the particulars shown on the invoice, open container or packages and examine the goods, especially where the seals are broken.

He will also certify on each of the three copies of the invoice to this effect and simultaneously indicate the running serial number in red ink prominently visible and encircled against Item 3 on all the three copies of the invoice.

The customs officer, then deliver the original copy of the invoice duly endorsed to the exporter or his agent alongwith the goods for presentation to the Nepalese Customs Officer.

He shall also send directly the duplicate and triplicate copies of the invoice to the Nepalese Customs Officer in-charge of the check post through which the goods are to be imported into Nepal.

The goods will then be produced before the Nepalese Customs Officer at the corresponding border check post along with the original copy of the invoice. The Nepalese Customs Officer, shall deal with the original copy as directed by His Majesty's Government of Nepal and return the duplicate copy, after endorsing his certificate of receipt of goods in Nepal directly to the officer of customs in-charge of the Land Customs Station.

The officer in-charge of the land customs station shall forward the duplicate copy to the Deputy Director of Inspection, Customs and Central Excise, Nepal Refund Wing, New Delhi. For this purpose, the said officer in-charge of the land customs station should keep a note of the return of duplicate copies from the Nepalese Customs Officer and remind the exporter for such copies as have not been received.

5. Procedure to be followed by the Directorate General of Inspection, Customs and Central Excise (Nepal Refund Wing), New Delhi

The Directorate General of Inspection, Customs and Central Excise (Nepal Refund Wing),

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New Delhi (hereinafter referred to as “the Directorate”) shall maintain separate registers for each Indian Border Customs Check Post.

The duplicate invoice will be entered in the respective registers showing the running serial number in the recapitulation statement register prescribed for the purpose.

At the end of every month he shall calculate the amount of rebate due in respect of all certificates of exports received during that month and shall prepare a consolidated statement to arrive at the amount of rebate due to His Majesty's Government of Nepal.

One copy of the recapitulation statement shall be forwarded to the Commissioner of Central Excise concerned for verifying the payment of rebate to Nepal Government and for issue of a post audit certificate in respect of the amount allowed as rebate against each invoice passed in that bill. In order to detect errors in the duty amount and quantity indicated, Internal Audit Department of the Commissionerate concerned should check this factor by comparison with the recapitulation statement forwarded by the Directorate and the monthly return of the factories concerned.

Where any over payment is noticed the fact should be brought to the notice of the Directorate for making necessary adjustment.

One copy of the recapitulation statement shall be forwarded to His Majesty's Government of Nepal.

One copy of the recapitulation statement shall remain as office copy with the Directorate.

After receiving the recapitulation statement, the Commissioner will get a verification conducted that the concerned factories have actually paid the duty of excise against which the rebate is to be given and the Commissioner/PAO of that Commissionerate shall furnish a certificate to the Directorate to the effect that all the concerned factories have paid the amounts of duty as indicated in the Annexure to the recapitulation statement.

In case the Directorate does not receive the duplicate copy of the invoice from the Officer in-charge of the Indian Land Customs Station and the triplicate copy is not received by the Nepal Government, necessary check should be made with the officer in-charge of the Indian Land Customs Station concerned as to the whereabouts of the particular invoice.

6.12 MISCELLANEOUS MATTERS

6.12.1 Time limit for disposal : The rebate sanctioning authority should point out deficiency, if any, in the claim within 15 days of lodging the same and ask the exporter to rectify the same within 15 days. Queries/ deficiencies shall be pointed out at one of and piecemeal queries should be avoided. The claim of rebate of duty on export of goods should be disposed of within a period of two months.

6.12.2 Supplementary Rebate Claim : The Supplementary Rebate Claim, if any, should

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be filed within the stipulated time provided under section 11B of the Central Excises Act, 1944.

6.12.3 Entry of goods in another factory of the same manufacturer for consolidation and loading of consignment for export: Goods removed on A.R.E.1 from one factory of a manufacturer may be allowed to enter in another factory of the said manufacturer ONLY for the purpose of consolidation and loading of goods in second or subsequent factory(ies) and export therefrom. For this facility the exporter shall be required to get his goods examined and sealed at each factory (the places of despatch) by a Central Excise Officer. The packages loaded in the vehicle shall be in sealed condition in their original packing. Where goods are stuffed in a container, the container shall be sealed. The Central Excise Officer having jurisdiction over the second or subsequent factory(ies) shall supervise the opening of the seal of container, loading of goods (duly sealed if these goods are to be loaded in open truck/vehicle) belonging to the subsequent factory in vehicle or container and sealing of the container.

6.12.4 Cancellation of documents : After the goods are cleared for export on payment of appropriate duties of excise under claim of rebate but are not exported for any reason, the Assistant Commissioner of Central Excise or the Deputy Commissioner of Central Excise having jurisdiction over the factory or the warehouse, shall, on being requested by the exporter in writing, cancel the export documents and make necessary endorsements. Thereafter, the goods shall be treated as if these were cleared for home consumption. The goods need not be brought back to the factory or warehouse.

Self-examination questions

1. What are the conditions to be followed while exporting to Bhutan under bond, where payment is in freely convertible currency?
2. What is a CT-1 certificate?
3. Discuss the provisions in respect of re-entry of the goods cleared for export under bond but not actually exported, in the factory of manufacture.
4. Answer the following questions relating to export of excisable goods under Rule 18 of the Central Excise Rules, 2002 to countries other than Nepal or Bhutan?
 - (i) Should a bond be executed in such export? Support your answer with proper reason.
 - (ii) What is the form for clearance of excisable goods in such export?
 - (iii) How can the rebate of duty on the exports be claimed? Is there any time limit for the same?
 - (iv) Is there any duty limit below which the rebate of duty cannot be granted? If yes, then, what is the limit? Is there any other restriction on the grant of rebate?

- (v) Which duties of excise are eligible for rebate under Rule 18?
 - (vi) Is it necessary that in order to claim rebate, excise duty should be paid in cash?
5. Answer in brief the following questions relating to export without payment of duty other than to Nepal and Bhutan under Rule 19 of the Central Excise Rules, 2002:
- (i) What is the type of bond to be executed? Who is exempted from furnishing such bond?
 - (ii) What is the export document for export clearance? How many copies are required to be prepared for it?
 - (iii) Is it necessary to prepare an invoice also? If yes, how should it be prepared?
 - (iv) What will be the duty payable, if goods are not exported within six months after clearance?

Answers

4. Under Rule 18 of Central Excise Rules, 2002, the rebate of excise duty paid on exported goods is granted. Procedures and conditions for export of excisable goods under claim of rebate to countries other than Nepal or Bhutan are specified in *Notification No.19/2004 C.E. (N.T.) dated 06.09.2004*. Answers to each part of the question are as follows:
- (i) There is no need to execute a bond in such a case as the goods are exported under claim of rebate after full payment of duty under an invoice.
 - (ii) Export under claim for rebate should be made under ARE-1 form.
 - (iii) A claim of rebate of duty paid, along with the original copy of the ARE-1, shall be lodged with the Assistant/Deputy Commissioner of Central Excise having jurisdiction over the factory of manufacture or warehouse or, as the case maybe, the Maritime Commissioner. As per section 11B of the Central Excise Act, 1944, the claim must be filed within one year from the date of export.
 - (iv) The rebate will not be granted if amount of rebate of duty is less than Rs.500. Further, the rebate will also not be granted if the market price of the excisable goods at the time of exportation is less than the amount of rebate.
 - (v) Following duties are eligible for rebate:
 - (a) duties of excise collected under the Central Excise Act, 1944;
 - (b) duties of excise collected under the Additional Duties of Excise (Goods of Special Importance) Act, 1957;
 - (c) duties of excise collected under the Additional Duties of Excise (Textiles and Textile Articles) Act, 1978;
 - (d) the National Calamity Contingent duty leviable under section 136 of the Finance Act, 2001, as amended from time to time;
 - (e) special excise duty collected under a Finance Act;

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- (f) additional duty of excise as levied under section 157 of the Finance Act, 2003;
 - (g) education cess on excisable goods levied under Finance (No.2) Act, 2004;
 - (h) additional duty of excise leviable on pan masala and specified tobacco products under Finance Act, 2005.
- (vi) No. It is not necessary that rebate can be obtained only if duty is paid in cash. Duty on final products can be paid either through cash or PLA or Cenvat credit [CBE&C Circular No. 262/96/96-CX 6 dated 06.11.96].
5. Procedures and conditions for export without payment of duty to all countries except Nepal and Bhutan are specified in *Notification No.42/2001 C.E. (N.T.) dated 26.6.2001*. Part-wise answers to the questions are given below:
- (i) A bond in Form B-1 is required to be executed by a merchant exporter in case of export without payment of duty. The bond should be at least equal to the duty chargeable on the goods, with such surety or security as the excise officer may approve. Manufacturer- exporter is exempted from furnishing such bond. He can furnish an annual Letter of Undertaking (LUT) in Form UT-1.
 - (ii) ARE-1 is the export document for export clearance which shall be prepared in five copies (quintuplicate). The fifth copy is the optional copy which the assessee can use for claiming other export incentives.
 - (iii) Yes, the goods have to be cleared from the factory under an invoice which shall be prepared in terms of rule 11 of the Central Excise Rules, 2002. The invoice should be prominently marked as "FOR EXPORT WITHOUT PAYMENT OF DUTY".
 - (iv) Goods must be exported within 6 months from the date of clearance for export, unless extension is granted by Assistant Commissioner/Deputy Commissioner. If goods are not exported within 6 months from the date of clearance for export, the exporter should deposit the applicable excise duty on such goods along with the interest. As per rule 5 of the Central Excise Rules, 2002, the applicable duty shall be computed as per the rate and tariff value applicable on the date of removal of such goods from the factory.