



**Authorized Economic Operator  
(AEO)**

**vs.**

**Star Export House Scheme**

# Introduction:

Prima-facie, Star Export House status and AEO may appear similar in providing preferential treatment to exporters/importers however, there are many differentiating factors. A comprehensive analysis highlighting the key features of both schemes are captured in the upcoming slides.

# Comprehensive Analysis:

Sr. No.	Differentiating factors	AEO scheme	Star Export House Scheme
<b>A) Scheme policies</b>			
A1.	Agenda for Implementation of the Scheme	<ul style="list-style-type: none"> <li>➤ World Organisation(WCO) an organization of 178 Customs administrations, adopted the SAFE Framework of Standards (introducing AEO) to secure and facilitate global trade.</li> <li>➤ AEO holder is approved by Customs as compliant with the supply chain security standards, and given benefits, such as simplified Customs procedures and reduced Customs Intervention</li> </ul>	<ul style="list-style-type: none"> <li>➤ Star Export House Scheme is one of the export promotions schemes specified under Foreign Trade Policy 2015-20 (FTP). Exporters having outstanding performance in the previous 2 out of 4 years and meeting prescribed conditions are eligible to get Star Export House Scheme certificate</li> <li>➤ Star Export House Scheme are expected to not only contribute towards India's exports but also provide guidance and handholding to new Entrepreneurs.</li> </ul>

# Comprehensive Analysis:

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A2.	Governance	<ul style="list-style-type: none"> <li>➤ SAFE Framework developed by WCO</li> <li>➤ Implementation and regulations by Central Board of Indirect tax and Customs (CBIC)</li> </ul>	<ul style="list-style-type: none"> <li>➤ FTP (subject to change in every 5 years) as released by the Ministry of Commerce and industry, Department of Commerce, the Government of India</li> <li>➤ Implementation and regulations by CBIC</li> </ul>
A3.	International recognition	<ul style="list-style-type: none"> <li>➤ Internationally recognized security standard and certifies an entity as a 'secure' and 'reliable' trade partner.</li> <li>➤ Importers in USA registered with CT-PAT Customs Trade Partnership against Terrorism equivalent to AEO in USA are given certain duty and procedural benefits for importing from AEO certified companies.</li> </ul>	<ul style="list-style-type: none"> <li>➤ No international recognition as policy implemented by Indian Government</li> </ul>

# Comprehensive Analysis:

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A4.	Eligible person	<ul style="list-style-type: none"> <li>➤ Any person (importer/ exporter/ logistics provider/ customs brokers/ custodian or terminal or warehouse operator or any other person) registered in India and having minimum 25 import/export in the past financial year (FY)</li> <li>➤ Varying level of benefits for AEO T1, T2 and T3 holders with AEO T3 receiving maximum benefits</li> </ul>	<ul style="list-style-type: none"> <li>➤ Any exporter who has achieved export performance (as given below) during the current and previous 3 FY:</li> </ul> <table border="1"> <thead> <tr> <th>Status Category</th> <th>Value (in US \$ million)</th> </tr> </thead> <tbody> <tr> <td>One Star Export House</td> <td>3</td> </tr> <tr> <td>Two Star Export House</td> <td>25</td> </tr> <tr> <td>Three Star Export House</td> <td>100</td> </tr> <tr> <td>Four Star Export House</td> <td>500</td> </tr> <tr> <td>Five Star Export House</td> <td>2000</td> </tr> </tbody> </table>	Status Category	Value (in US \$ million)	One Star Export House	3	Two Star Export House	25	Three Star Export House	100	Four Star Export House	500	Five Star Export House	2000
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A5.	Application process	<ul style="list-style-type: none"> <li>➤ Online application for T1 holders</li> <li>➤ T2, T3 and TLO will include physical verification</li> </ul>	<ul style="list-style-type: none"> <li>➤ Online application</li> </ul>
A6.	Validity of status	<ul style="list-style-type: none"> <li>➤ 3 years for T1 and T2</li> <li>➤ 5 years for T3 and TLO</li> </ul>	<ul style="list-style-type: none"> <li>➤ 5 years</li> </ul>

## B) Benefits

B1.	Self declaration	<ul style="list-style-type: none"> <li>➤ Self-certified copies of FTA / PTA origin related or any other certificates required</li> </ul>	<ul style="list-style-type: none"> <li>➤ Authorisation and Customs Clearances for both imports and exports granted on self-declaration basis</li> <li>➤ Self-certified copies of FTA / PTA origin related or any other certificates required for clearance would be accepted</li> </ul>
B2.	Bank guarantees (BG)	<ul style="list-style-type: none"> <li>➤ T1      50% BG relaxation</li> <li>➤ T2      75% BG relaxation</li> <li>➤ T3      100% BG relaxation</li> </ul>	<ul style="list-style-type: none"> <li>➤ 100% Exemption from furnishing of Bank Guarantee for schemes under FTP</li> </ul>

# Comprehensive Analysis:

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B3.	Standard Input Output Norms (SION)	<ul style="list-style-type: none"> <li>➤ Where SION not notified, self-declaration of SION accepted</li> </ul>	<ul style="list-style-type: none"> <li>➤ SION fixed on priority within 60 days by the Norms Committee</li> <li>➤ Special scheme in respect of SION to be notified by DGFT from time to time, for specified status Holder</li> </ul>
B4.	Ease in documentation	<ul style="list-style-type: none"> <li>➤ Paperless declarations with no supporting documents for T2 and above</li> </ul>	<ul style="list-style-type: none"> <li>➤ Exemption from compulsory negotiation of documents through banks. Remittance / receipts, however, would be received through banking channels</li> </ul>
B5.	Export warehouse	<ul style="list-style-type: none"> <li>➤ No explicit benefit available</li> </ul>	<ul style="list-style-type: none"> <li>➤ Two star and above Export houses shall be permitted to establish Export Warehouses as per Department of Revenue Guidelines</li> </ul>

# Comprehensive Analysis:

Sr. No.	Differentiating factors	AEO scheme	Star Export House Scheme
B6.	AEO benefits	<ul style="list-style-type: none"> <li>➤ Benefits available to any person having minimum 3 years import/exports activity in past and 25 import/export documents filed in preceding FY</li> </ul>	<ul style="list-style-type: none"> <li>➤ Three Star and above Export House shall be directly entitled to AEO benefits</li> </ul>
B7.	Preferential treatment	<ul style="list-style-type: none"> <li>➤ Entitled to higher level of facilitation in imports and export of their consignments</li> <li>➤ ID cards to be issued to AEO's personnel for allowing entry to Customs House, CFS and ICD</li> <li>➤ Wherever feasible, separate space in custodian premises given</li> <li>➤ Priority processing of bills of entry and shipping bills selected for assessment/examination</li> </ul>	<ul style="list-style-type: none"> <li>➤ Entitled to preferential treatment and priority in handling of their consignments by the concerned agencies</li> </ul>



# Comprehensive Analysis:

Sr. No.	Differentiating factors	AEO scheme	Star Export House Scheme
		<ul style="list-style-type: none"> <li>➤ Dedicated relationship manager from Customs available for T2 and above</li> <li>➤ Containers selected scanned on priority for T2 and above</li> <li>➤ Trade facilitation by a foreign Customs administration with whom India enters into a Mutual Recognition Agreement for T2 and above</li> </ul>	
B8.	Deferred duty payment	<ul style="list-style-type: none"> <li>➤ Automatic activation of Deferred duty payment option for T2 and above</li> </ul>	<ul style="list-style-type: none"> <li>➤ No benefits available w.r.t imports</li> </ul>
B9.	Supply chain Efficiencies	<ul style="list-style-type: none"> <li>➤ Facility of Direct Port Delivery/entry of imports and exports available</li> <li>➤ 24-hour clearance without Merchant overtime fees</li> </ul>	<ul style="list-style-type: none"> <li>➤ No explicit benefit available</li> </ul>

# Comprehensive Analysis:

Sr. No.	Differentiating factors	AEO scheme	Star Export House Scheme
		<ul style="list-style-type: none"><li>➤ The holder will get an e-mail regarding arrival/departure of vessel carrying their consignment</li><li>➤ Seal verification by customs officer waived for T2 and above</li><li>➤ Facility to paste MRP stickers in their premises for T2 and above</li><li>➤ Faster completion of SVB proceedings for T2 and above</li><li>➤ Access given to their consolidated import/export data through ICEGATE for T2 and above</li><li>➤ Request based on-site inspection /examination available for T3</li></ul>	

# Comprehensive Analysis:

Sr. No.	Differentiating factors	AEO scheme	Star Export House Scheme
B10.	Fast processing of incentives/ refund schemes (for T2 or T3)	<ul style="list-style-type: none"> <li>➤ Faster disbursement of drawback amount within 72 hours of EGM submission</li> <li>➤ Faster disbursement of refund, including IGST refund and rebate within 45 days of submission of complete documents</li> <li>➤ Any Indirect Tax Investigation, if conducted shall be fast tracked, within 6-9 months</li> <li>➤ Dispute resolution related to AEO status holder completed/ adjudicated within 6 months</li> <li>➤ Onsite Post Clearance Audit (PCA) instead of regular transactional PCA to be done once in every 3 years</li> </ul>	<ul style="list-style-type: none"> <li>➤ No explicit benefit available</li> </ul>

# Comprehensive Analysis:

Sr. No.	Differentiating factors	AEO scheme	Star Export House Scheme
B11.	Free Export	<ul style="list-style-type: none"> <li>➤ No explicit benefit available</li> </ul>	<ul style="list-style-type: none"> <li>➤ Star Export House holder shall be entitled to export freely exportable items (excluding Gems and Jewelry, Articles of Gold and precious metals) on free of cost basis for export promotion subject to an annual limit as specified.</li> </ul>

## C) Compliances

C1.	Compliances to be undertaken	<ul style="list-style-type: none"> <li>➤ To comply with all standards submitted for obtaining AEO status</li> <li>➤ To intimate any change (relevant for AEO status) within 14 days</li> <li>➤ To inform AEO authority about any error occurred in relation to customs matter after taking remedial action</li> </ul>	<ul style="list-style-type: none"> <li>➤ Star Export House holder to maintain true and proper accounts of its exports and imports</li> <li>➤ Records to be maintained for a period of 2 years from the date of grant of status certificate</li> </ul>
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# Comprehensive Analysis:

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			<ul style="list-style-type: none"> <li>➤ These accounts shall be made available for inspection to RA concerned or any Authority nominated by DGFT</li> </ul>
C2.	Cancellation	<ul style="list-style-type: none"> <li>➤ Where the Certificate of AEO Status is already suspended and the AEO holder fails to take remedial measure to withdraw suspension within 60 days</li> <li>➤ Where there is a reasonable belief that an act has been perpetrated that is liable to lead to prosecution and /or is linked to an arrest of person under Customs Act, 1962</li> </ul>	<ul style="list-style-type: none"> <li>➤ Fails to discharge export obligation imposed</li> <li>➤ Tampered with authorisations</li> <li>➤ Misrepresents or has been a party to any corrupt or fraudulent practice in obtaining any authorisation</li> </ul>

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		<ul style="list-style-type: none"><li>➤ A show cause notice has been issued to them involving fraud, forgery, outright smuggling, clandestine removal of excisable goods or cases where Service Tax has been collected from customers but not deposited to the Government as mentioned; or</li><li>➤ Where the AEO status holder requests the authorization be revoked</li></ul>	<ul style="list-style-type: none"><li>➤ Commits a breach of FT (D&amp;R) Act, or Rules, Orders made there under and FTP, The Customs Act 1962, The Central Excise Act 1944, FEMA Act 1999 and COFEPOSA Act 1974; or</li><li>➤ Fails to furnish information required by this Directorate</li></ul>

# Conclusion:

- AEO certification is implemented with the sole objective to make law abiding person be given an internationally recognized quality mark. This will indicate their secure role in the international supply chain and that their customs procedures are efficient and compliant. Customs authorities are committed to aid the AEO status holder to gain a competitive edge by giving a preferential treatment for its imports and exports thereby reducing its lead time. Indian Customs is intently committed to PM's vision of 'Under 50' rank in World Bank's Ease of Doing Business Report and all the major Custom Houses are organizing extensive outreach programs to make business aware. It will not only achieve the objective of 'Make in India' but also substantially add to the vision and lead India to become a manufacturing and exporting power-house.
- Star Export House scheme is awarded to those who have excelled in international trade and have successfully aided Indian Government with inflow of foreign exchange. Such exporters are granted privileges leading to increase in exports and foreign currency earnings.

# THANK YOU

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