



सीमा शुल्क आयुक्त का कार्यालय,
नवीन सीमा शुल्क भवन, नया कांडला ।

OFFICE OF THE COMMISSIONER OF CUSTOMS,
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F. No. S/20-141/Bond/2014-15

29.06.2015

Trade Facility Notice No. 14 /2015/Kandla

Subject: Procedure for issuance of license for Public/Private Bonded Warehouse u/s 57 or 58 of the Customs Act, 1962-M/r.

1. Divergent practices in issuing of license for Bonded Warehouses under Section 57/58 of Customs Act, 1962 are noticed ; to mitigate and to facilitate the trade, the following guidelines and procedure are prescribed:

- I. Procedure regarding grant of license u/s. 57/58 of Customs Act, 1962, to a Public/Private Bonded Warehouse:

Application for Public/Private Bonded Warehouse shall be submitted as per Para 4.1 / 5.1 of Chapter 9 of Customs Manual.

- a) As per Section 57 of the Customs Act, 1962, at any warehousing station, the Assistant Commissioner of Customs or Deputy Commissioner of Customs, may appoint public warehouses wherein dutiable goods may be deposited. Other than CWC and SWCs, private operators can also be appointed as custodians of the Public Warehouses. In case of Private owned Public Warehouses there is a requirement of Cash deposit or Bank guarantee equal to 25% of the duty in respect of sensitive goods.

All the applications for custodianship of Public Warehouses shall be carefully scrutinized and due consideration shall be given to the following criterion for their appointment:

- i) Feasibility and financial viability of the warehouses operator, his financial status and his expertise in warehousing field;
- II) Past record of the applicant in complying with the provisions of the Customs and Central Excise Laws;
- III) The operational requirements such as suitability and security of the premises, availability of Customs expertise, proximity to the users etc. shall be taken into account;
- VI) The applicant should agree to take the services of the Customs Officer on Cost-

Recovery basis, if services of the Customs Officers are required on the continuous basis or on payment of Merchant Overtime/ Supervision charges, as the case may be.

- b) As per Section 58 of the Customs Act, 1962, at any warehousing station, the Assistant Commissioner of Customs or Deputy Commissioner of Customs, may license Private warehouses for depositing following types of goods;
- i) Dutiable goods imported by the licensee; or
 - ii) Dutiable goods imported on behalf of licensee; or
 - iii) Any other goods imported by other importers in respect of which specialized Storing / handling facilities are required and such specialized storing/ handling Facilities for deposit are not available in a Public Warehouse. The specialized facilities are like liquid in bulk hazardous goods, explosive goods, goods requiring controlled temperature conditions etc.

Further, Section 59 of Customs Act 1962 requires the importer to execute a warehousing bond "binding himself for a sum equal to twice the amount of the duty assessed on such goods..."

- c) The application will be scrutinized with regards its compliance to following conditions:
- (i) The applicant is financially sound and credible: The proprietor or partner or any of the Directors have not been involved in any Customs or Central Excise duty evasion cases or smuggling offences and have not been subject to penalty or other action under the Customs Law and similarly under the Central Excise Law. Where the applicant is involved in such cases (other than technical offences) license shall be denied even if such offences were committed before five years.
 - (ii) The premises are suitable and adequately secured against theft, pilferage and other risks; fire fighting equipments shall be installed in the warehouse;
 - (iii) The premises shall be accessible to the Customs Offices for verification;
 - (iv) The warehouse shall not be located in residential area; and
 - (v) The goods deposited in the warehouse shall be fully insured against theft, pilferage, fire accident, other natural calamities, and risk against rioting etc. by a comprehensive insurance policy drawn in favour of Commissioner of Customs or Central Excise, as the case may be.
- d) Scrutinized application shall be forwarded with appropriate recommendations to Commissioner for perusal and further order;

- e) Commissioner shall examine the application with reference to the sensitive nature of the commodity proposed to be dealt with in the Private Bonded Warehouse (in terms of the guidelines given at CBEC Circular No.20/96 dated 04.04.1996) and decide upon the individual applications on its merit and may prescribe special conditions, if any;
- f) Approved cases will be forwarded to jurisdictional Assistant/Deputy Commissioner for issue of license u/s. 57/58 ibid, who shall also ensure compliance of applicable conditions.
- g) The entire procedure prescribed above shall be completed within seven working days after receiving an application seeking license u/s. 57 or 58 of Custom Act 1962, in the office or jurisdictional Assistant/ Deputy Commissioner of Customs.
- h) Once a license has been issued, the licensee need not approach Commissioner for approval of individual transactions unless there is a change in any of the applicable parameters.

II. Procedure for seeking Discharge Permission for bulk liquid Cargo:

The issue of Discharge permission for bulk liquid cargo comes in two scenario i.e.

- (i) Discharge to storage tanks located at a place approved under Section 8(a) of Custom Act 1962 and;
 - (ii) Discharge to a storage tank located at any place other than a place approved under Section 8 (a) of Custom Act 1962.
- (I) Discharge to storage tanks located at a place approved under Section 8 (a) of Custom Act, 1962.

In this scenario, the procedures prescribed vide Para 3 and 4 of Standing Order No. 65/03, dated 05.09.2003, issued by Commissioner of Customs (Import), JNCH on the subject of assessment of bulk liquid cargo and release of the same from Customs charge, would be squarely applicable.

- (a) The importer shall file either personally or through C.H.A. an application on importer's letter head for permission to discharge with jurisdictional Assistant/ Deputy Commissioner, prior to arrival of the vessel;
- (b) The concerned Assistant/ Deputy Commissioner will give the permission for discharge of the cargo as per rule preferably, on the same day;

- (c) The permission given as "Discharge Allowed" shall be used for seeking berthing of the vessel;
 - (d) Once the vessel is berthed, the liquid bulk cargo will be discharge under the existing procedure of Supervision of Discharge and Drawl of Samples (as applicable) by officers posted at Docks.
 - (e) The importer/ Customs Broker shall file the Bill of Entry before the proper Officer within seven working days after completion of discharge.
- (II) Discharge to a storage tank located at any place other than a place approved under Section 8 (a) of Custom Act 1962.


In the second scenario, since the storage tank is located outside approved place for loading/ unloading under Section 8 (a) Custom Act 1962, provisions of Sec 33 of Custom Act, 1962 comes into effect. In such locations, without the permission of the proper officer prescribed u/s 33 i.e. Commissioner of Customs, goods cannot be loaded or unloaded. Accordingly the permission to discharge goods at such location logically shifts to the said proper officer. However, Board vide Instruction issued from F. No. 473/19/2009-IC dated 09.05.2011 has clarified that "unloading of liquid bulk cargo from the ship to the bonded storage tanks through pipe lines may be allowed under the provisions of section 33 of Customs Act,1962 subject to the conditions that the cargo is liquid bulk in nature; the premises where the goods would be received through pipe line should be a bonded warehouse under Section 57 or 58 of Customs Act, 1962; permission of the proper Officer is obtained for such unloading prior to discharge of such cargo and other requirements under the Customs Act are fulfilled. In case the bonded tanks are located outside the jurisdiction of the port Commissioner, permission may be granted by Port Commissioner subject to concurrence by Commissioner in whose jurisdiction the bonded tanks are located, and other safeguards as necessary." Therefore, in such cases, prior permission u/s 33 to unload goods needs to be obtained by the importer from Commissioner of Customs and thereafter, he may seek permission to discharge such goods from the jurisdictional Assistant/ Deputy Commissioner. The procedure prescribes at Sr. No. (I) Above will apply in this case also after permission u/s. 33 has been obtained.

III. Documents required for the issuance of license under Section 57/58 of the Customs Act, 1962:-

The applications (in duplicate) for the grant of/ renewal of public/private bonded warehouses shall be submitted well in advance (in the case of renewal, two months before the expiry of the validity) duly accompanied by all the required documents, as given below:

- (a) Company incorporation Certificate / Certificate of registration.
- (b) Partnership deed / Memorandum and Articles of Association.

- (c) Particulars of the partners / Directors along with copies of their PAN cards.
 - (d) Company PAN Card.
 - (e) Affidavit to confirm that the Partners / Directors of the Company were not involved in any of the offence cases under the Customs Act or any other law for the time being in force.
 - (f) Detail sketch of the Site plan (duly signed by the applicant) of the premises proposed to be Customs Bonded Warehouse along with approved topo plan (floor wise) with dimensions/measurements indicating the area of operation.
 - (g) Title deed or lease agreement for the proposed site.
 - (h) General Bond (Custodian Bond) for double the amount of duty on the maximum quantity of goods proposed to be stored in the warehouse.
 - (i) Solvency certificate from a scheduled bank for Rupees Ten lakhs (in the case of non-sensitive goods) or Rupees Fifty lakhs (in the case of sensitive goods).
 - (j) Surety Bond for the General Bond (double the amount of duty)
 - (k) Solvency certificate for surety either from a scheduled bank or a Chartered Accountant.
 - (l) Comprehensive Insurance policy (fire, special perils, burglary etc.) for the maximum amount of duty.
 - (m) In the case of hazardous goods, necessary permissions /NOC from the respective authorities shall be produced.
 - (n) In respect of sensitive goods, a cash deposit or Bank guarantee equal to 25% of the duty involved on the maximum quantity of the goods intended to be warehoused.
 - (o) Copy of Board resolution for the authorized signatory of the company.
 - (p) Address proof of directors/partners.
 - (q) Calibration Chart (in case of cargo is in liquid nature).
2. All the Trade Associations/ Chamber of Commerce and Members of Regional Advisory Committee an Custom House Agents Association are requested to publicize the contents of this Public Notice among their Member/ Constituents, for their information and necessary action.
 3. In case of any difficulty in implementation the above guideline, the same may be brought to the notice of this office at the earliest.


 (पी. वी. आर. रेड्डी)
 (P.V.R Reddy)
 प्रधान आयुक्त
 Principal Commissioner
 सीमा शुल्क सदन, कान्दला
 Custom House, Kandla

Copy to:

1. The Chief Commissioner, Customs, Gujarat Zone, Ahmedabad.
2. The Chief Commissioner, Central Excise, Gujarat Zone, Ahmedabad.
3. The Chief Commissioner, Central Excise, Vadodara Zone, Vadodara.
4. The Principal Commissioner, Customs, Mundra.

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 20/6/15

o/c