

Warehousing of imported plant and machinery at the public bonded warehouse in the inland areas

F. No. 473/25/91-Cus.-VI, dated 30-5-1991

Government of India

Ministry of Finance (Department of Revenue)

Central Board of Excise & Customs, New Delhi

Subject : Warehousing - Request for warehousing imported plant and machinery at the public bonded warehouse in the inland areas - Instructions regarding.

Attention is invited to para 3(e) of Board's instructions F. No. -473/147/ 79-CUS-VII, dated 7-7-1980 (copy enclosed) wherein it was stated that the warehousing in public warehouses in inland areas will be allowed only in respect of such goods as are industrial raw materials and components. It has now been decided that the above mentioned instructions may be strictly followed in dealing with the matters relating to warehousing the goods in inland areas.

The Board's letter instructions on the above subject 2. contained in circular F. No.473/69/ 83-CUS-VII, dated 18-5-1983 (copy enclosed) are cancelled and may be treated as withdrawn.

Enclosures

Customs - Warehousing facilities in inland warehousing stations - Instructions regarding.

Attention is invited to Board's letter F. No. 473/2/75-CUS-VII, dated the 3rd May, 1975, on the above subject. The manner in which inland warehouses have been licensed in the last few years has led to certain difficulties. While, on the one hand, a large number of places have been declared as warehousing stations and private warehouses licensed at these stations even in the absence of the required customs expertise in the concerned Central Excise Collectorate, there have, on the other hand, been representations, from the Trade that Certain other areas and locations which, having regard to the need of Industry are even more deserving of warehousing facilities, have not been provided with these facilities.

It will be recalled that in the last Collectors 2. Conference held in Delhi in 1978 mention was made about considerable procedural and other difficulties and of possible risks to revenue due to lack of customs expertise in the interior. It was suggested that a careful and cautious approach should be adopted in the licensing of and dealing with the operations of the ware houses in inland areas.

The position with regard to this has been reviewed by 3. the Board. It has been decided to withdraw the powers delegated to the Collectors vide notification No. 79 of 1975. Accordingly Notification No. 136 of 7-7-1980 has been issued (copy enclosed). Henceforth the Board will declare a place as a warehousing station in consultation with the Collector concerned.

There should be as few a number of places which should 4. be declared as warehousing stations as possible having regard to the proximity to the port, the requirement of the Trade and Industry, the availability of customs expertise etc. The warehousing stations should be so chosen that the industrial units located in the interior uniformly and without discrimination, get the benefit of the facilities. If the number of places is kept minimal and uniform, it will be possible

to cater better to the needs of the Trade and Industry, and to provide expert and adequate customs staff for exercising powers in regard to warehoused goods. It should also be possible to keep the number of warehouses to the minimum and yet cater to the needs of the Industry adequately if, instead of a number of private warehouses, a single public warehouse is appointed at an appropriate station. Supervisory, audit and other checks would also be possible more easily and expeditiously if this approach of having only public warehouses is adopted.

Having regard to the above factors, and in supersession 5. of Board's letter No. 473/2/75-CUS-VII dated 3-5-1975, the following guidelines are laid down which may be kept in view in forwarding cases to the Board for declaration of places as warehousing stations for appointing public bonded warehouses in inland areas :

Places should be recommended for declaration as warehousing (a) stations having due regard to the need of the Trade and Industry, proximity to the point of import expertise of the customs trained staff available. There should not normally be more than two to three places declared as warehousing stations for appointing inland bonded public warehouses in the jurisdiction of any Collectorate. The Collector will exercise due care in selecting these places, having regard to all relevant factors and the Board will, after taking into account the available expertise and other factors and after satisfying itself about the need for declaring such places as warehousing stations, declare the places to be warehousing stations.

Once a place is declared to be a warehousing station, the (b) Collector will himself exercise the power to appoint the public warehouse;

The Central Warehousing Corporation (C.W.C.) which has vast (c) experience in running warehouses all over the country, has agreed to undertake the work of manning and operating the warehouses at places which would be declared warehousing stations in the inland areas. To begin with only the warehouses run by CWC may be appointed as public warehouses;

At places where a public warehouse has been appointed, no (d) fresh private licences shall be granted and the existing licences should be gradually withdrawn when the existing licences expire;

warehousing in public warehouses in inland areas will be (e) allowed only in respect of such goods as are industrial raw materials and components;

The grant of the manufacture-in-bond facility will for the (f) present continue to be governed by the existing instructions i.e. it will be granted after a reference is made to the Board. The manufacture-in-bond facility in inland areas will be limited to predominantly export oriented industries. Private licences may be granted to manufacturing units whose requests for manufacture-in-bond have been approved by the Board. For this purpose, the Collector may recommend places to be declared as warehousing stations, if the places in which the manufacturing units are located are not already declared as warehousing stations.

The customs staff required for being posted for 6. warehouses, whether private or public, will be on a cost recovery basis.

A suitable public notice on the lines indicated in the 7. enclosed draft public notices may be issued immediately.

Copy of F. No-473/147/79-Cus.VII, dated 7-7-1980.

To
The Collector of Customs,
Bombay/Delhi.
Sir,

I am directed to say that a representation has been received for movement, under Section 67 of the Customs Act, of plant and machinery from a warehouse in the port of entry to a warehouse in the interior of the country. Since the goods are to be warehoused at a warehousing station in an inland area, it was contended that the facility would not fall under Board's instruction No. 473/147/79-Cus.VII, dated 7th July, 1980, as the warehousing facility in an inland warehousing station is limited to raw materials, components and does not cover plant, machinery and capital goods. The request of the party has been examined carefully and it is felt that denial of such facility would not be consistent with the provisions of Section 67. It is, therefore, clarified that guidelines referred to above on warehousing facilities in inland warehousing stations have to be enforced consistent with this legal provision.

The present request may be disposed of in the light of 2. the above clarification.