

MANUFACTURE & OTHER OPERATIONS IN WAREHOUSE REGULATIONS, 1966

Notification No. 155-cus., dated 30th July, 1966 as amended by Notification No. 44/98-Cus., dated 2-7-1998 and Notification No. 29/1999-Cus.(N.T.), dated 11-05-1999

In exercise of the powers conferred by section 157 of the Customs Act, 1962 (52 of 1962), the Central Board of Excise and Customs hereby makes the following regulations, namely:—

1. Short title and commencement. — (1) These regulations may be called the Manufacture and Other Operations in Warehouse Regulations, 1966.

(2) They shall be deemed to have come into force on the 4th day of June, 1966.

2. Definitions. — For the purpose of these regulations, unless the context otherwise requires —

(i) "Act" means the Customs Act, 1962 (52 of 1962);

(ii) "manufacturer" means the owner of any warehoused goods to whom sanction has been accorded under regulation 5;

(iii) "proper form" means such form as the Assistant Commissioner of Customs or Deputy Commissioner of Customs may require to be adopted.

3. Owner to make applications. — (a) The owner of any goods warehoused under the Act intending to undertake any manufacturing process or other operations in the warehouse in relation to such goods shall make an application to the Assistant Commissioner of Customs or Deputy Commissioner of Customs in the proper form and furnish *inter alia* —

(i) information regarding the nature of the manufacturing process or other operations;

(ii) particulars of imported and other goods proposed to be used in the manufacturing process or other operations;

(iii) the detailed plan and description of the warehouse;

(iv) data regarding the volume of trade anticipated of the manufacturing process or other operations; and

(v) the applicant shall, on being called upon to do so, furnish such other information as may be required.

4. Execution of Bond. — The Assistant Commissioner of Customs or Deputy Commissioner of Customs may, if he is satisfied that the applicant has carried out such alterations to the warehouse premises as may be required for this purpose and that the volume of trade and other considerations justify grant of sanction direct the applicant to file a bond, undertaking *inter alia* to —

(i) observe all the provisions of these regulations;

(ii) maintain detailed accounts of all imported and other goods used in the manufacturing process or other operations in the proper form and to produce such accounts for inspection by the proper officer;

(iii) submit detailed statements of all imported and other goods used in the manufacturing process or other operations and those remaining in stock, at any time the proper officer directs;

(iv) provide to the officers of customs office space, wherever required, and access to warehouse, for control and supervision of the manufacturing process or other operations or imported and other goods as may be specified by Assistant Commissioner of Customs or Deputy Commissioner of Customs;

(v) pay all the charges including pay, allowances, leave and pensionary charges of such officers as may from time to time be posted by the Assistant Commissioner of Customs or Deputy Commissioner of Customs in the warehouse for supervision and control of the manufacturing process or other operations, or imported and other goods;

(vi) comply with such conditions as may be imposed by the Assistant Commissioner of Customs or Deputy Commissioner of Customs from time to time for carrying out the purposes of these regulations and the Act.

5. Grant of sanction.— On execution of the bond, in the manner hereinbefore provided, the Assistant Commissioner of Customs or Deputy Commissioner of Customs shall accord sanction to the applicant to carry on such manufacturing process or other operations specifying:

(a) the manufacturing process or other operations permitted to be carried on in the warehouse;

(b) the types and nature of imported and other goods permitted to be used;

(c) the period for which the sanction is valid; and

(d) the conditions, if any, subject to which the manufacturing process or other operations may be carried on in the warehouse;

(e) the input-output norms, wherever considered necessary, for the raw-materials and the finished goods.

6. Conditions that may be imposed by the Assistant Commissioner of Customs or Deputy Commissioner of Customs — The Assistant Commissioner of Customs or Deputy Commissioner of Customs may from time to time :

(i) Omitted

(ii) determine the number of customs officers that may be attached to the warehouse for purposes of supervising the manufacturing process or other operations;

(iii) fix the sum payable by the manufacturer towards the cost of such establishment and the extra charges payable towards the overtime services, if any, performed by such establishment at the request of the manufacturer; and

(iv) Omitted

7. Omitted

8. Omitted

9. Maintenance of accounts. — The manufacturer shall maintain accounts relating to stocks, raw materials, goods in process, finished goods, waste and refuse in proper form:

Provided that where the manufacturer maintains for his own purpose such detailed accounts and has carried out such alterations in the form of accounts as may be required in this behalf,

the Assistant Commissioner of Customs or Deputy Commissioner of Customs may in his discretion direct such forms of accounts to be adopted as the proper form.

10. Accounts to be accessible to Customs Officer. — The proper officer may, at any time, inspect or call for the accounts and connected records for scrutiny.

11. Special Audit in certain cases :

(i) The Chief Commissioner of Customs may, for reasons to be recorded in writing, direct a manufacturer to get the accounts of his warehouse, office, stores, godowns, factory, depot, or other establishment audited by a Cost Accountant, nominated by him in this behalf.

(ii) The Cost Accountant, shall submit the audit report duly signed and certified by him within the period specified by the Chief Commissioner of Customs, or such extended period as may be allowed by him, to the Commissioner, giving therein such other information or particulars as may have been asked for by the Chief Commissioner.

(iii) The provisions of sub-regulation (i) shall be in addition to, and not in derogation of any other law for the time being in force.

(iv) The expenses of, and incidental to, such audit (including the remuneration of the Cost Accountant) shall be determined by the Chief Commissioner and paid by the manufacturer and in default of such payment shall be recoverable from the manufacturer in the manner provided in section 142 of the Customs Act, 1962 (52 of 1962).

(v) The manufacturer shall be given a copy of the audit report conducted in pursuance of sub-regulation (1) who may make a representation, if he so likes.

Explanation: For the purpose of this regulation "Cost Accountant" shall have the meaning assigned to it in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 (23 of 1959).

12. Issue and return of imported goods to/from the manufacturing process or other operations. — (a) The Assistant Commissioner of Customs or Deputy Commissioner of Customs shall, having regard to the manufacturing process or other operations to be carried on in the warehouse, direct the manner in which the imported goods shall be issued from and the unused items received back into stock.

(b) The application for issue of imported goods and the vouchers against which the unused items may be returned shall be in the proper form.

13. Manufacturer to give notice before suspending or discontinuing the manufacturing process or other operations. — No manufacturer shall suspend or discontinue the manufacturing process or other operations authorised to be carried on in the warehouse without giving in writing to the Assistant Commissioner of Customs or Deputy Commissioner of Customs, one month's notice of his intention so to do:

Provided that in any particular case the aforesaid period of one month may, on sufficient cause being shown, be reduced by the Assistant Commissioner of Customs or Deputy Commissioner of Customs by such period as the Assistant Commissioner may deem fit:

14. Cancellation and suspension of sanctions. — If the manufacturer or any person in his employ commits a breach of the provisions of the Act or the terms and conditions imposed by or under these regulations or if the particulars furnished in the application for sanction are false or

incorrect/ or if any undertaking given in the bond is not fulfilled the Assistant Commissioner of Customs or Deputy Commissioner of Customs may, without prejudice to any other action that he may take under the provisions of the Act or these regulations cancel the sanction for carrying on the manufacturing process or other operations :

Provided that before the sanction is cancelled the manufacturer shall be given reasonable opportunity of being heard.

15. **Repeal.**— The Rules and Regulations specified in the Schedule to these regulations appended below shall cease to be in force except as respects things done or omitted to be done before such cesser.

SCHEDULE (See Regulation 15)

1. Rules prescribed for the purpose of operation on goods in a warehouse — Wines and Spirits — vide late C.B.R. Notification No. 56, dated the 2nd July, 1927 as amended by Notifications No. 29-Cus., dated 16th May, 1931 and No. 11-Cus., dated the 22nd January, 1938.
2. Rules for the manufacture of cigarettes in bond from unmanufactured foreign tobacco imported and warehoused under the provisions of section 92 of the Sea Customs Act at an inland bonded warehouse — late C.B.R. Notification No. 34-Cus., dated the 30th May, 1942.
3. Rules for the manufacture of cigarettes or tobacco in bond from unmanufactured foreign tobacco imported and warehoused under the provisions of section 92 of the Sea Customs Act— late C.B.R Notification No. 54-Customs, dated the 25th October, 1941, as amended by Notifications No. 8-Customs, dated 17th April, 1943 and No. 62-Customs, dated the 8th July, 1950.
4. Rules for manufacture of complete Gramophone machine (including electric gramophones) in bond — late C.B.R. Notification No. 9-Customs, dated the 13th July, 1946.
5. Rules for the free-entry at the Madras Customs House of unmanufactured foreign tobacco imported for the manufacture of cigars intended for export to foreign ports—Notification dated the 1st November, 1910, published in pages 1685-86 of Part II of the Fort St. George Gazette, dated the 8th November, 1910 as amended by notification dated the 22nd May, 1920 published on page 1051 of Part II of the Fort St. George Gazette, dated the 1st June, 1920, late C.B.R. Notification No. 79-Customs, dated the 5th December, 1936, Notification No. 12-Customs, dated the 22nd January, 1938 and No. 47-Customs, dated the 12th October, 1940.
6. Rules to regulate the canning of motor spirit and kerosene oil from the stock imported and warehoused in a bonded tank at Bombay—late C.B.R. Notification No. 5-Customs, dated the 5th January, 1935 as amended by Notification No. 70-Customs, dated the 26th March, 1938.
7. Rules for the manufacture or repairs of vessels from material imported by the Hindustan Shipyard Ltd., Visakhapatnam etc. — late C.B.R. Notification No. 78-Customs, dated the 7th August, 1954 as amended by C.B.R. Notification No. 63-Customs, dated the 3rd June, 1961.
8. Motor Vehicles (Manufacture-in-bond) Rules, 1956 — late C.B.R. Notification No. 97-Customs, dated the 6th November, 1956.
9. Rules for the manufacture or re-manufacture of cigarettes or tobacco in bond from indigenous or imported duty paid tobacco or cigarettes and unmanufactured imported tobacco warehoused

under the provision of section 92 of the Sea Customs Act — late C.B.R. Notification No. 22-Customs, dated the 29th June, 1957.

10. The Handicrafts (Manufacture-in-bond) Rules, 1958 — C.B.R. Notification No. 229 Customs, dated the 13th August, 1958.

11. The Manufacture-in-Bond (General) Rules, 1960 — late C.B.R. Notification No. 15-Customs, dated the 27th February, 1960.

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