

**CIRCULAR NO.18/2007-CUSTOMS**

**F.No.473/04/2005-LC**  
Government of India  
Ministry of Finance  
Department of Revenue

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New Delhi, the 24th April, 2007

**Sub : Grant of waiver of the requirement of Bank Guarantee in respect of imported goods to be warehoused in Public or Private Bonded Warehouses – regarding –**

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I am directed to refer to Board's Circular No.68/95, dated 15.06.1995 and No.99/95, dated 20.09.1995 (F.No.473/61/94-LC) laying down the procedures for appointment of Public Bonded Warehouse and licensing of Private Bonded Warehouse u/s 57 and 58 of the Customs Act, 1962.

2. A number of representations/ references have been received from trade seeking waiver of the requirement of Bank Guarantee against the imported goods to be warehoused in the Public or Private Bonded Warehouse on various grounds.

3. The matter has been examined. It is observed that no uniform practice across the various field formations is being followed for taking Bank guarantee in respect of goods to be warehoused in Private Bonded Warehouses and privately owned Public Bonded Warehouses. Bank guarantee of 25% on sensitive goods is being taken in some Commissionerates while no Bank guarantee is being taken in others. Para 3 (viii) of the Circular No.99/95 provides that in respect of sensitive goods, we may take a Cash deposit or Bank guarantee equal to 25% of the duty liability for each consignment. The said circular also specifies that where a warehouse keeper wants to have revolving bond with a single Bank guarantee for a higher amount, it can also be accepted and a suitable credit/ debit system for each consignment warehoused/ cleared can be operated. In respect of non-sensitive goods, double duty bond with surety would be adequate. However, Commissioner may ask for a Bank guarantee if he is not satisfied about the transaction of a particular bonder. It is felt that there is a requirement of Bank guarantee against sensitive goods to be warehoused in the Private Bonded Warehouses as well as in privately owned Public Bonded warehouses to safeguard the revenue. The requirement of Bank guarantee is further justified on the grounds that insurance cover provided is for third-party only and not for frauds committed by warehouse owners themselves.

4. It is, therefore, reiterated that in order to ensure uniformity of practice, the existing procedures laid down in Board's Circular No.99/95, dated 20.09.1995 (F.No.473/61/1994-LC) be strictly followed and the requirement of Cash deposit or Bank guarantee equal to 25% of the duty in respect of sensitive goods, as envisaged in para 3 (viii) of Circular No.99/95, shall be complied uniformly. This would be applicable not only to Private Bonded Warehouses but to Private owned Public Bonded Warehouses as well.

5. The contents of this Circular may be brought to the notice of the field formations and the Trade under your jurisdictions.

6. The receipt of this circular may please be acknowledged.

Yours faithfully,  
(T.K. Bandyopadhyay)  
Under Secretary to the Government of India