

F.No. 305/86/98 - FTT

Government of India
Ministry of Finance
Central Board of Excise & Customs, New Delhi

Subject : Execution of single B-17 Bond in view of the different bonds being executed at present, by EOUs / EPZ / EHTP/ STP units.

I am directed to refer to Board's Circular No. 14/ 98-Cus. dated the 10th March, 1998 as modified by Circular No. 42/ 98 - Cus dated the 19th June, 1998 on the above subject.

2. It has been represented by different Association that the B-17 bond with full surety or bank guarantee of 5% of the bond amount, instead of simplifying the procedure has made operations of the unit more expensive due to the requirement of deposit of 5% of the value of the bond amount in the form of bank guarantee or cash security. The trade had also been representing, that it is difficult for them to organise surety for the bond amount or 5% bank guarantee of the bond amount where the units have to make huge investment on capital goods.

3. The issue has been examined by the Board and it has been decided that the bond amount will now be equivalent to the duty leviable on the sanctioned requirement of imported and indigenous capital goods plus the duty on the raw materials to be held in stock for six months only. The amount of duty on the capital goods and the raw material may be calculated and certified by the itself.

4. It has also been decided that the units would be required to give either surety for the revised bond amount or furnish 5% of the bond amount as bank guarantee or any other approved government security. It is further decided that the solvency of sureties, may also be certified by a Chartered Accountant or the Bankers of the surety. And, since in the law, a Limited Company is distinct legal entity and the Members of the Company, including the Directors are distinct from the Company, there should be no objection to allow the Directors of the EOU / EPZ Units etc. which are Limited Companies, to stand as surety in their personal capacity for the said companies. In addition, other corporate bodies including Limited Companies may also stand as surety for the unit.

5. The circular Nos. 14/ 98 and 42/98-Cus. stand modified of the above extent. The above may be given wide publicity by issue of Public Notice.

Sd/
(O.P. Khanduja)
Sr. Technical Officer (FTT)