

**F.No. 473/26/99-LC**

Government of India  
Ministry of Finance  
Department of Revenue  
Central Board of Excise & Customs

**Subject: Warehousing – Grant of extension of warehousing period by the Chief Commissioners under section 61 of the Customs Act, 1962-regarding**

As you are aware, section 61 of the Customs Act, 1962 lays down the period for which imported goods can be warehoused. The first proviso to Section 61 of the Customs Act provides that the prescribed period of warehousing, on sufficient cause being shown, can be extended for a period not exceeding six months by the Commissioner of Customs. Further extensions as deemed fit can be granted by the Chief Commissioner of Customs.

2. A reference has been received in the Board seeking clarification regarding the validity of guidelines contained in Board's letters F.No. 473/232/88-Cus.-VII, dated 29.11.1988, and F.No. 473/77/89-Cus.-VII, dated 09.10.1989, concerning grant of extension of warehousing period by Chief Commissioners. A doubt has been raised whether Board's aforesaid instructions/guidelines, restricting the period of extension of warehousing period, ought to be observed by Chief Commissioners of Customs, since the powers for granting extension without any time limit were vested with the Chief Commissioners of Customs under the Customs Act, 1962, after the amendment of section 61 of the Customs Act, 1962 was carried out in 1994.

3. The matter has been examined in the Board. High levels of imported bonded goods lying in the warehouses and Customs duty locked up thereon are matters of concern. For this purpose, in the recent past, warehousing provisions under the Customs Act, 1962 have been tightened so as to encourage early clearances from bonded warehouses and to reduce the pending inventories. Board have also reviewed the aforesaid instructions/guidelines and issued Circular No. 12/98-Cus., dated 06.03.98, mentioning that depending on the circumstances of the case, requests made to the Chief Commissioners for extension in warehousing period, beyond the extension granted by the Commissioners of Customs, may be considered for the shortest period, not exceeding three months at a time. Such extensions are to be granted after due circumspection only in deserving cases. The requests for extension for a period beyond six months at the Chief Commissioner's level may be considered only in respect of those cases where it is really warranted that the goods have to be kept in the warehouse under circumstances beyond the control of the importer viz. closure of the factory due to strike, lock-out, natural calamities, etc. Financial constraints of the importers are not to be considered as adequate ground for granting extension of warehousing period.

4. While considering the requests for extension of warehousing period, the concerned authority should be satisfied regarding the condition of the goods and should ensure that the goods are not likely to deteriorate during the extended period of warehousing. Whenever necessary, goods should be got tested to ensure quality and fitness before granting further extension of warehousing period. At each stage of consideration of a request for extension of warehousing period, Customs Houses should ensure that the interest accrued on the goods in the preceding period are paid by the applicants before further extension is permitted. Interest thus collected will be adjusted against the interest finally payable.

5. A liberal approach may, however, be adopted in granting extension of warehousing period in respect of the following cases provided the goods are in good condition and not likely to deteriorate during the extended period of warehousing:-

- i. Goods supplied as ships stores/aircraft stores,
- ii. Goods supplied to diplomats,
- iii. Goods warehoused and sold through duty free shops,
- iv. Goods imported by 100% EOUs ,
- v. Goods used in the units operating under manufacture-in-bond scheme,
- vi. Machinery, equipments and raw materials imported for building and fitment to ships.

6. You are requested to advise the trade to file such applications for extension of warehousing period, as far as possible, prior to fifteen days of the warehousing period. All such request should normally be decided by the Customs within this period. At the same time, the requests for grant of extension of warehousing period can be considered after the expiry of initial or extended period of warehousing, after taking into consideration the exceptional circumstances of the cases, nature of commodity, rate of duties, particularly, whether the same could result in loss of revenue to the Government, licensing aspects involved, etc.

7. Chief Commissioner of Customs are, therefore, requested to decide the requests for grant of extension of warehousing period after taking into consideration all aspects referred to above. Issues other than those related to extension of warehousing period, as contained in the Board's instructions referred in para 2 above, shall continue to be governed by the said instructions. Board's Circular No. 12/98-Cus., dated 06.03.1998, may be treated as subsumed in the present instructions. The contents of this Circular may also be brought to the notice of the field formations and the trade under your jurisdiction suitably.

8. It may be clarified here that though the powers under statute now vest with Chief Commissioner of Customs, the above guidelines are warranted in order to have uniform approach throughout the country.